

transcorp Hotels



2016

Annual Report  
& Financial Statements

[transcorphotelsplc.com](http://transcorphotelsplc.com)



*Re-defining hospitality...*

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Transcorp Hotels Plc is the hospitality subsidiary of Transnational Corporation of Nigeria Plc (Transcorp), a diversified conglomerate with interests in the Power, Hospitality, Agriculture and Oil & Gas sectors.

Transcorp Hotels Plc aims to build Africa's choice hospitality assets, starting from Nigeria but building a strong footprint in high population cities across the West Africa region. With an award-winning property in Abuja; the Transcorp Hilton Abuja, a destination hotel in Calabar, Transcorp Hotels Calabar and planned properties in Lagos and Port Harcourt, Transcorp Hotels Plc continues to achieve excellence within the hospitality industry and develop strategies in the medium to long term that position the company as a key industry player on the continent.

## **VISION**

To be the premier hospitality company in Africa creating maximum and sustainable value for our stakeholders.

## **MISSION**

To build Africa's choice hospitality assets underpinned by excellence, entrepreneurship and execution.

## **VALUES - HEIRS**

### **Hardwork**

- Passionate about extraordinary results
- Discipline
- Commitment to excellence

### **Emotional Intelligence**

- Self-awareness and emotional self-control
- Empathy
- Respect for others

### **Integrity**

- Delivering on your promise
- Exceeding expectations
- Living the brand

### **Resilience**

- Can-do Spirit
- Breakthrough thinking
- Following-through to ensure results

### **Synergy**

- Collaborating with colleagues
- Leveraging group relationships

# RESULTS AT A GLANCE



For the year ended 31 December	Group		Increased/(Decreased) %
	2016 N'Million	2015 N'Million	
Gross earnings	15,312	13,979	10
Cost of sales	3,890	3,362	16
Gross profit	11,422	10,617	8
Administrative expenses	7,323	5,943	23
Profit before tax	5,235	5,378	(3)
Profit after tax	4,095	3,497	17
<b>As at 31 December</b>			
Non-current assets	79,146	65,367	21
Current assets	11,619	25,974	(55)
Total assets	90,765	91,341	(1)
Share capital	3,800	3,800	-
Shareholders fund	53,200	52,145	2
Number of employees	1,755	1,822	(4)
<b>Per Share data</b>			
Earnings per share (Kobo)	54	46	17
Net assets per share (Kobo)	700	686	2

For the year ended 31 December	Company		Increased/(Decreased) %
	2016 N'Million	2015 N'Million	
Gross earnings	14,560	13,383	9
Cost of sales	3,625	3,132	16
Gross profit	10,934	10,251	7
Administrative expenses	6,858	5,473	25
Profit before tax	5,202	5,476	(5)
Profit after tax	3,734	3,575	4
<b>As at 31 December</b>			
Non-current assets	76,582	62,722	22
Current assets	11,707	26,167	(55)
Total assets	88,289	88,889	(1)
Share capital	3,800	3,800	-
Shareholders fund	53,253	52,559	1
Number of employees	1,587	1,623	(2)
<b>Per Share data</b>			
Earnings per share (Kobo)	49	47	4
Net assets per share (Kobo)	701	692	1

# BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS



## Directors

Olorogun O'tega Emerhor, OON  
Mr. Valentine Ozigbo  
Ms. Okaima Ohizua  
Mr. Emmanuel N. Nnorom  
Mr. Peter Elumelu  
Dr. Vincent Akpotaire  
HRH Baba Mohammed  
Dr. Bakari Wadinga  
Mr. Adim Jibunoh  
Hajia Saratu Umar

Chairman (Non-executive Director)  
Managing Director/CEO  
Executive Director  
Non-executive Director  
Non-executive Director  
Non-executive Director\*  
Non-executive Director  
Non-executive Director\*\*  
Non-executive Director\*  
Independent Non-executive Director\*\*

\* appointed March 2016

\*\* appointed October 2016

## Company Secretary

Helen Iwuchukwu

## Registered Office

1, Aguiyi Ironsi Street  
Maitama, Abuja

## Auditors

### PricewaterhouseCoopers

Chartered Accountants  
Landmark Towers  
5B Water Corporation Road  
Victoria Island, Lagos

## Registrar and Transfer Office

### Africa Prudential Registrars Plc

220B Ikorodu Road, Palmgrove, Lagos  
Tel: 01-4612373-76  
info@africaprudentialregistrars.com

## Bankers

### United Bank for Africa Plc

### Zenith Bank Plc

### Skye Bank Plc

## Rating

Rating Company	Company	Bond
Global Credit Rating Company	Long term : A - Short Term : A2	A -
Agusto & Co. Limited	Bbb	Bbb



**Olorogun O'tega Emerhor, OON**  
*Chairman*

Olorogun O'tega Emerhor, OON, is the Chairman/CEO of Standard Alliance Group; Vice Chairman of former First Inland Bank Plc; Chairman Synetics Technologies Ltd and Heroes Group. He holds a First Class degree in Accountancy from University of Nigeria, Nsukka (1983). He is a Fellow of the Institute of Chartered Accountants of Nigeria, the Institute of Credit and Risk Management of Nigeria and the Academy for Entrepreneurial Studies. He is also a member of the Institute of Marketing Consultants.

He trained as a chartered accountant at the renowned PricewaterhouseCoppers and has worked in several Banks including Citibank, Fidelity Bank Plc, Guaranty Trust Bank and as Managing Director of erstwhile Crystal Bank. He is a Director of Transcorp Plc and a number of companies and has received various prestigious awards. He was appointed Director in 2009 and became Chairman in 2011.



**Mr. Valentine Ozigbo**  
*MD/CEO*

Valentine Ozigbo is the MD/CEO of the Company. He is the 2016 winner of Seven Stars Luxury Hospitality CEO of the Year (awarded at a global event in Spain) and Guardian Newspapers Integrity honouree. He is a hospitality expert, banker and accountant with over 21 years' experience in hospitality and banking (commercial, retail, investment and international banking). Valentine is also a Chevening Scholar and winner of various university and work place best student/staff awards. He graduated from Lancaster University, UK, with a Distinction in M.Sc Finance. He also has an MBA in Banking & Finance and a B.Sc. in Accounting both from the University of Nigeria, Nsukka and was the best faculty student.

Prior to joining the Company, Valentine was General Manager and Divisional Head in charge of Global Transaction Banking at Keystone Bank Limited, successor to Bank PHB. His remit covered product development, international business, global trade and eBusiness. Before then, he was the Divisional Head of International Banking and Head of Global Strategic Alliances at United Bank for Africa Plc. Valentine had also worked with FSB International Bank Plc (now Fidelity Bank Plc), Continental Trust Bank Ltd (now part of UBA) and Diamond Bank Plc. He is a Fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Taxation of Nigeria and the Institute of Credit Administration. He was appointed to the Board in October, 2011.



**Ms. Okaima Ohizua**  
*Executive Director*

Okaima Ohizua is an Executive Director of the Company. She graduated in law from the University of Benin and the Nigerian Law School. Okaima also holds an Advanced Management Program Certificate from the Pan-African University – Lagos Business School. Until her appointment, she served as the Chief of Staff to the Chairman of Heirs Holdings, and was responsible for providing support to the Chairman and assisting with the co-ordination and implementation of goals of investee companies.

Before she joined Heirs Holdings, she worked in reputable organizations such as Citi Group and United Bank for Africa Plc (UBA). At Citibank, she served in various senior capacities in areas like Customer Service, Sales, Products; and left as Assistant Vice President and Head of Electronic Banking & Implementation. She also held a senior management position at UBA, serving as Director, Customer Service. She was appointed to the Board in June, 2013. Okaima successfully drove the operational service excellence initiative at both Properties in Calabar and Abuja, with the application of the Kaizen Operation Excellence philosophy, leading to an award for the best Kaizen Case Study in Africa.





**Mr. Emmanuel Nnorom**

*Non-Executive Director*

Emmanuel Nnorom is the President/CEO of Transnational Corporation of Nigeria Plc (Transcorp). Prior to joining Transcorp, he was the President/Chief Operating Officer (COO) of Heirs Holdings Group. Previously, he also served as CEO of UBA Africa, overseeing United Bank of Africa's operations outside Nigeria and executing corporate strategy in 18 African countries. Other senior roles within UBA included Group COO UBA, followed by his appointment as UBA's Group Chief Operating Officer (GCOO), with responsibility for Finance and Risk.

He is a chartered accountant, and brings over 3 decades of professional experience in the corporate and financial sectors, working with publicly listed companies. He is an alumnus of the Oxford University's Templeton College, and a Prize winner and Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Bankers of Nigeria (CIBN). He was appointed to the Board in January, 2014.



**Hon. Peter J. Elumelu**

*Non-Executive Director*

Hon. Peter Elumelu holds a Bachelor of Science degree in Business Management from Rivers State University of Science and Technology, Port Harcourt and a Masters of Science degree in Financial Management Technology from Federal University of Technology Owerri (FUTO). He has attended several local and international courses on corporate governance and risk management.

Hon. Peter Elumelu is an astute businessman cum politician with over 27 years experience cutting across the private and public sectors of the economy. He currently sits on the Board of several companies including African Prudential Registrars Plc – and of Pet Jibson & Company Limited, where he is Chairman/CEO. He was the Chairman, Board of Directors of Delta State Urban Water Board, Asaba which he successfully managed and executed various laudable projects. He is also a member of the Institute of Directors. He was appointed to the Board of Africa Prudential Registrars Plc on February 14, 2013 and similarly, to the Board of Transcorp Hotels on November 11, 2014.



**Dr. Vincent Akpotaire**

*Non-Executive Director*

Dr. Vincent Akpotaire is the Acting Director-General of the Bureau of Public Enterprises. He is a graduate of Law from the University of Benin. He holds an LL.M (Business Law) from the same University and PhD (Corporate & Investment Law) from the University of Nigeria. His professional career experience spans over two decades in academia, public and private practice. Before joining BPE, Dr. Akpotaire had worked as an Assistant Dean, Faculty of Law, University of Benin and Senior Lecturer in the same Faculty. He was at various times, a private legal practitioner in Lagos, class room teacher in Delta and Edo States; and Statistical Assistant with the Old Bendel State Ministry of Economic Development.

His areas of expertise include Deregulation, Privatisation & Commercialization; Legal & Regulatory Reform/Restructuring of Public Enterprises; Economic Policy Formulation & Review; Environmental Law; Company & Securities Law; Securities Sector Surveillance & Regulation; Criminal Law. He is an expert at interfacing with international bilateral and multi-lateral institutions (e.g., World Bank, DFID, AfDB) on restructuring and reform of several FGN agencies and enterprises. He was appointed to the Board in March, 2016.



### **HRH Baba Mohammed**

#### ***Non-Executive Director***

HRH Baba Mohammed is a graduate of Accountancy from University of Jos, has a Masters in Business Administration (MBA) from Ahmadu Bello University Zaria, holds a Certificate in Financial Management from Stanford Graduate School of Business, San Francisco, California U.S.A, is a Fellow of Certified National Accountants (FCNA), a Member of Nigerian Institute of Management (NIM) and he attended PSLC20 at NIPPS, Kuru, Jos. He is the Head, Capital Market at the Presidency, Bureau of Public Enterprises (BPE). He has spent over 23 years working at the BPE as a representative of the Federal Government on the Boards of companies including Nigerdock Nigeria Plc, Afribank Nigeria Plc, Nigerian Security Printing & Minting (NSPM), NITEL, Mtel, Nigeria Reinsurance, NICON Insurance and Transcorp Hotels. He has also worked as Member/Secretary, African Privatisation Network (APN) and Member, committee for the establishment of National Depository in Nigeria. He also acted as Director, Mines and Steel Development at the BPE. He was appointed in December, 2012.



### **Dr. Bakari Wadinga**

#### ***Non-Executive Director***

Dr. Bakari Wadinga is currently the Director of Finance and Accounts at the Bureau of Public Service Reforms. He holds a PhD in Economics from the Ahmadu Bello University Zaria, an MBA and MSc with specialization in Economics from Bayero University Kano and a Bachelor of Science degree in Economics from the University of Maiduguri. He is a chartered accountant from the Institute of Chartered Accountants and Chartered Institute of Taxation. He brings to the table over 2 decades of professional experience in the corporate and financial sectors working with publicly listed companies. He has served as Deputy Director (F&A) National Planning Commission, Head Planning, Reporting and Statistics department (Federal Inland Revenue Service), Chief Accountant (F&A Dept.), Ministry of Defence, Finance and Accounts Manager (Savannah Beverages), Accountant (Progress Bank of Nigeria) and Auditor /Accountant Trainee Peat Marwick Ani Ogunde & Co (now KPMG). He has written various notable articles on the Nigerian financial sector. He was appointed to the Board on October 7, 2016.



### **Mr. Adim Jibunoh**

#### ***Non-Executive Director***

Adim Jibunoh is the Business Development Director at Heirs Holdings overseeing the non-banking financial services investments in the group. He is a First Class graduate in Economics from the University of Port Harcourt. His career in the banking industry spans over two decades. His prior positions have included Investment Executive at the Nigerian Industrial Development Bank (NIDB-now Bank of Industry); Executive Director at Standard Trust Bank Plc; and the Chief Executive Officer of Continental Trust Bank. He is also a Non-executive Director of Avon HMO and United Capital Plc. He was appointed to the Board in March 2016.



**Hajia Saratu Umar**  
*Independent Non-Executive Director*

Saratu Umar is a 1989 graduate of B.Sc. Economics from Ahmadu Bello University Zaria, and also holder of an MBA degree with specialization in Finance and Banking.

A well-rounded Banker, Economist, Strategist, Investment promotion specialist, notable Change Agent and Change Manager, who constantly aims for the ultimate goal of improving the Nigerian economy, she has served as the Executive Secretary/CEO of the Nigerian Investment Promotion Commission (NIPC), the first female to hold that position since the establishment of the Commission in 1995. She has over twenty-four [24] years working experience, with twenty-two [22] of them spent in Development Banking at the Nigerian Export-Import Bank (NEXIM), where she started as a pioneer staff on April 8, 1992 and traversed/headed all strategic and key departments of the Bank. Vastly trained, locally and internationally in all core aspects of her Banking career, as well as in Leadership, Strategy and Management, she has also worked on various projects with a number of world-class Management Consultants aimed at corporate transformation/re-engineering/restructuring. She started engaging in Investment Promotion assignments for Nigeria, at least eleven [11] years before being appointed to lead the NIPC, during which she served as speaker (amongst others) in several Trade Missions in Europe, America and Asia aimed at seeking investors for the Country.

Saratu is a Fellow of the American Academy of Financial Management (FAAFM); a certified Chartered Wealth Manager [CWM], a Certified Risk and Compliance Management Professional (CRCMP), a Fellow, Institute of Chartered Economists (FCE); a senior Associate of the Risk Management Association of Nigeria and a senior member of the Chartered Institute of Bankers of Nigeria amongst others. She is also a recipient of local and international awards amongst them, the 2012 International Distinguished Leadership Award. She was appointed to the Board on October 7, 2016.

# MANAGEMENT PROFILE



**Mr. Valentine Ozigbo**  
*MD/CEO*

Valentine Ozigbo is the MD/CEO of the Company. He is a banker and accountant with over 20 years' experience in commercial, retail, investment and international banking. Valentine graduated from Lancaster University, UK as a Chevening Scholar, with a Distinction in M.Sc Finance. He also has an MBA in Banking & Finance and a B.Sc. in Accounting both from the University of Nigeria, Nsukka. Prior to joining the Company, Valentine was General Manager and Divisional Head in charge of Global Transaction Banking at Keystone Bank Plc, successor to Bank PHB. His remit covered product development, international business, global trade and e-Business. Before then, he was the Divisional Head of International Banking and Head of Global Strategic Alliances at United Bank for Africa Plc. Valentine had also worked with FSB International Bank Plc (now Fidelity Bank Plc), Continental Trust Bank Ltd (now part of UBA) and Diamond Bank Plc. He is a Fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Taxation of Nigeria. He was appointed to the Board in October, 2011.



**Ms. Okaima Ohizua**  
*Executive Director*

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**Mrs. Helen Iwuchukwu**  
*Company Secretary*

Helen Iwuchukwu is the Company Secretary of Transcorp Hotels Plc. Prior to joining Transcorp Hotels, Helen was the Company Secretary/Legal Adviser for Transcorp Plc Group from October 2009 to February 2012. She holds an LL.B (Hons) degree in Law from Abia State University. She was called to the Nigerian Bar in 1993 (BL Hons) and holds a Master of Laws degree (LLM) from Middlesex University Business School, London. She specialises in Employment Law. She began her legal career in 1995 with the firm Banwo & Ighodalo Solicitors and later FieldCrest Attorneys in Lagos. She enriched her professional experience at Samuel Davis Solicitors, and later, Pinnacle Solicitors both in London. She worked at Northwest London Hospitals NHS Trust until 2006 when she joined Transcorp Plc and has held a number of sensitive and senior positions at Transcorp and its subsidiaries in different capacities; legal, human capital management and Government relations.



**Mr. Adekunle Elumaro**  
*Chief Financial Officer*

Adekunle Elumaro is the Chief Financial Officer of Transcorp Hotels Plc. He graduated with a B.Sc. (Honours) degree in Accounting from University of Ado Ekiti in Ekiti State in 1999. He graduated with First Class Honours. Adekunle started his professional career with Ernst & Young in 2001. He had both tax and audit experience before joining Nestle Nigeria Plc and Neptune Software Plc where he gained both financial accounting and information technology experiences respectively. He returned to professional practice in 2005 with Deloitte. At Deloitte, Adekunle worked as a financial adviser for 7 years advising organizations across industries. His professional skills range from valuation, due diligence, financial modelling, forensic auditing, and special financial investigation to buy side/sell side advisory. He joined Transcorp Hotels Plc in 2012 as the CFO. He is a Fellow of the Institute of Chartered Accountants of Nigeria and Fellow of the Institute of Credit Administration. He is a level 3 Candidate of Chartered Financial Analysts (CFA) Institute. He is currently running a Masters degree in Finance & Control with the SMC University, Switzerland.



**Mrs. Irene Nwankwo**  
*Head of Internal Audit*

Irene holds a second class upper degree (BSc) in Microbiology and Brewing from the Nnamdi Azikiwe University Awka. She is a Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and Financial Service Auditor (CFSA). Irene has also been certified by the Institute for International Research in conjunction with the George Washington University School of Business on Corporate Governance Best Practices. She began her career as an Analyst in KPMG Professional Services, a leading Nigerian partnership with international affiliation, which provides audit, tax and advisory services. Prior to joining Transcorp, she had risen to the position of Assistant Manager in the Internal Audit, Risk & Compliance Services Unit of the firm, with responsibility for overseeing, managing and coordinating engagements and project teams. She has varied relevant experience in internal audit and control, quality assurance, compliance and process reviews, accounting/financial reporting, and corporate governance. Irene is an active member of the Institute of Internal Auditors (IIA) and a member of ISACA. ISACA is an international professional association focused on IT Governance. Previously known as the Information Systems Audit and Control Association, ISACA now goes by its acronym only, to reflect the broad range of IT governance professionals it serves.



**Mr. Peter Donnellan**  
*Project Director*

Peter Donnellan is the Project Director at Transcorp Hotels Plc. He is a Civil Engineering graduate and is currently studying for a Masters Degree in Law, LLM specializing in Construction and Arbitration. In addition to these, he also holds a number of degrees and certifications in various disciplines including Logistics Management, Electronic Engineering and Business Management. Peter has over 25 years experience in large capital projects which includes but not limited to building of hotels and resorts, shopping malls, railroads, ports, power plants, bridges, housing and commercial buildings. He started his career at Mcinerney Construction, Portugal where he worked as a junior Project Manager after which he worked with Bovis Lendlease as General Manager, Infrastructure Division. Until recently, he worked with Halliburton in Brazil where he was responsible for setting up all cost reporting procedures and reports; advising and assisting the Client and the Employer's Project Manager (PM) in administering the terms of the building contract during operations on Site and financial reporting. Peter has achieved the delivery of 27 hotels and resorts in the Emirate of Abu Dhabi, London, Portugal, Spain and Jordan.



## OUR BUSINESS MANAGERS



**Etienne-Charles Gailliez**  
*General Manager,  
Transcorp Hilton Abuja*

Etienne has 25 years' experience in international Hotel Management across different international operators. He is hands on with a specialised Food & Beverage background as well as multiple project experience as owners representative.

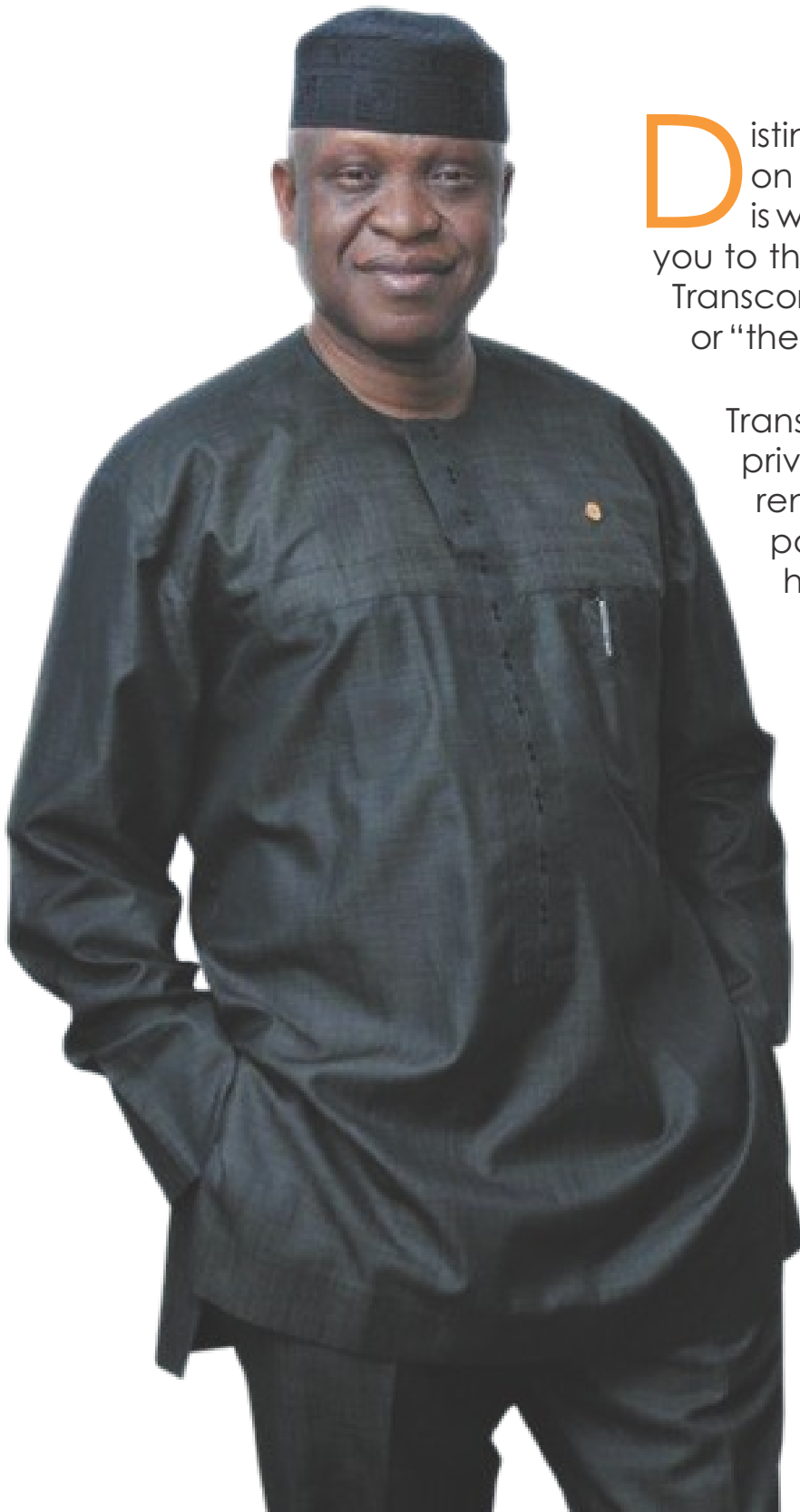
He holds a higher degree in Hotel Management from Belgian University and further education at IMD, Switzerland and Cornell University, United States. He is a Certified General Manager within Hilton as well as the Winner of the 2014 "The Hilton Presidents Award".



**Chuma Mgbojikwe**  
*General Manager,  
Transcorp Hotels Calabar*

He is a consummate hospitality services professional with over 15 years corporate experience spanning some of the biggest hotel chains in the world, such as Marriott, Hilton and the Wyndham Hotels.

He holds an MSc. (International Hotel and Tourism Management) degree from Oxford Brookes University, Oxford, UK and a BSc. (Estate Management) degree from the University of Greenwich, UK.



**D**istinguished Ladies and Gentlemen, on behalf of the Board of Directors, it is with great pleasure that I welcome you to the 3<sup>rd</sup> Annual General Meeting of Transcorp Hotels Plc ("Transcorp Hotels" or "the Company").

Transcorp Hotels has evolved from a private company to becoming a renown publicly quoted entity and parent company to the premier hotels in Abuja and Calabar.

The year 2016 was particularly significant for us as we fully commenced the Transcorp Hilton upgrade project, a huge effort to transform the hotel to comply with full global luxury standards, among many other projects we started.

It is on this premise that I present Transcorp Hotels Plc's Annual Report and Financial Statement for the financial year ended, December 31<sup>st</sup> 2016.



## OPERATING ENVIRONMENT

Being part of the global economy, Nigeria responds to a number of global impulses, from capital flows to trade to diaspora transfer and indeed to global economic policy and geopolitics. In addition, there are policy and regulatory impulses that add to these global pressures to impact our business environment in 2016.

### GLOBAL BUSINESS ENVIRONMENT

Global economic growth remained lacklustre in 2016 primarily as a result of efforts to reduce overcapacity, structural adjustments in many countries, recurring natural disasters, geopolitical events—such as Brexit, heightened security challenge in the middle East -the coup d'état in Turkey and the ongoing civil war in Syria—and heightened uncertainty related to the United States of America (U.S.A.) presidential election, as well as potential policy changes in the U.S.A.

The year also proved to be a less uncertain year for most developing economies than had seemed probable. Market participants increased their appetite for emerging-market debt partly due to the absence of returns in developed economies.

In the latter part of the year crude oil prices jumped above US\$ 50 per barrel for the first time after OPEC sealed a deal to reduce production. This was considered in Nigeria's revenue projections in the 2017 budget.

Overall, Nigeria witnessed huge deficits in capital flows and portfolio investments, negative trade imbalance and dwindling diaspora transfers. These did not help the already unfortunate contractions that the local economy witnessed resulting in fiscal weakness generally and poor market performances.

### LOCAL BUSINESS ENVIRONMENT

The country is currently facing its worst economic crisis in more than twenty (20) years. This was further complicated by increased inflation rate (closing at 18.55%) and escalating foreign exchange rates. Nigeria's dire economic situation emanated from lack of timely and proper policy direction, falling commodity prices, less Foreign Direct Investment (FDI), chronic electricity shortages, and reduced oil revenue.

In particular, the restrictions on access to foreign exchange had an unfavourable multiplier effect on cost of goods and services in the country.

The Federal Government acknowledges that the 2016 budget would not be fully implemented due to sharp decline in revenue but put in place fiscal and monetary

measures to stimulate the economy via its 2017 -2019 Medium Term Expenditure Framework and Fiscal Strategy.

## OVERVIEW OF FINANCIAL PERFORMANCE AND KEY MILESTONES

Transcorp Hotels Plc did not rest on its oars. In 2016, Transcorp Hotel's turnover of N14.6billion surpassed 2015 (N13.4billion) by 9%. Gross Profit was N11billion which exceeded prior year (N10.3billion) by 7%. Profit Before Tax was N5.2billion compared to N5.5billion in 2015. Improvement of 4% was recorded in Profit After Tax of N3.7billion as against N3.6billion in 2015. The Company's bottom line was affected by the ongoing upgrade at Transcorp Hilton Abuja, which reduced the number of rooms available for sale.

Transcorp Hilton Abuja was once again acknowledged internationally as a world-class hospitality provider. The Company was honoured with five major awards from the "World Travel Awards", won the "TripAdvisor Travelers' Choice™ awards for Hotels" and was the recipient of the "Seal of Excellence in the Hotels & Resorts sector" from the Seven Stars Luxury Hospitality and Lifestyle awards. Our MD/CEO, Valentine Ozigbo, was also the winner of the high profile "CEO of the Year" award by Seven Stars.

Transcorp Hotels continued to reinvent its offerings in keeping with service excellence as we introduced a wider variety of African dishes to delight our guests at the new improved Bukka Restaurant and Pastry Corner.

During the period under review, Transcorp Hotels also retained an investment grade credit rating for the Company and the bonds

- Global Credit Rating Co. (GCR) :
  - Long Term – A-
  - Short Term – A2
  - Outlook - Stable
- Augusto & Co. :
  - Bbb
  - Outlook - Stable

Transcorp Hotels Calabar also achieved impressive results with Profit Before Tax of N33mn compared to 2015 Loss Before Tax of N93.7mn. Profit After Tax was N362mn compared to a Loss After Tax of N73mn recorded in the prior year.

## DIVIDEND

Our shareholders will be glad to know that we are recommending a final dividend of 40kobo per share. We are confident that as the Company makes progress, we will continue to meet your expectations.



## OUTLOOK FOR 2017

We intend to conclude the ongoing refurbishment of the rooms and external works in Transcorp Hilton Abuja in 2017. The major improvements in our facilities will further strengthen our position as the leading luxury hotel in Nigeria.

This year will also mark the 30<sup>th</sup> year of Transcorp Hilton's existence given that on 21st April 1987, Transcorp Hilton Abuja was opened to host the ECOWAS Heads of State Summit. Given that our first set of modernized floors will be ready within the first quarter of 2017, we are planning to hold a series of events to mark these momentous events and our shareholders and loyal guests will be duly informed.

The Government has announced that it will embark on several capital projects to stimulate the economy. Once the business environment in the country is more favourable for our capital and debt raising strategy, we hope to pick up the pace with our expansion agenda.

## CONCLUSION

2016 was a year of notable achievements for Transcorp Hotels despite the strong economic headwinds. The upgrade of Transcorp Hilton Abuja is underway in harmony with our commitment to stakeholders to build Africa's choice hospitality assets. The Company also received several awards in recognition of its relentless focus to delivering the ultimate guest experience. And most importantly, the company surpassed its financial targets during the year, in the midst of biting stagnation.

My profound gratitude goes to you, our valued shareholders, for your commitment to transforming our vision into reality. Our regulators have also provided invaluable oversight. With our professional Board members, competent Management, dedicated team members, loyal guests and our award-winning brand, we will continue to focus on delivering our strategy in 2017.

Once again, thank you Ladies and Gentlemen.

**Olorogun O'tega Emerhor, OON**  
**Chairman, Board of Directors**



**D**istinguished Ladies and Gentlemen, it is with great delight that I welcome you to the 3rd Annual General Meeting of your Company, Transcorp Hotels Plc. Below are the financial and operating results for the year ended 31st December 2016.

### **Economic and Sectoral Overview**

Transcorp Hotels delivered a resilient performance even in the face of the impact of economic recession in the hospitality industry which has seen occupancy for large hotels drop below 35% on the average.

Transcorp Hotel's position as the major destination in Abuja has seen her benefit from traffic of high profile state visits as well as hosting numerous marquee private and public sector events in 2016.

### **Operating Results and Financial Performance Review**

#### **Revenue**

Gross revenue for the year was N14.6billion (2015: N13.4billion). This was driven by certain key events including visits by very high profile guests, many foreign heads of governments and representatives of various consulates. A number of Annual General Meetings (AGMs) were held by several blue chip companies, and we also recorded visits by the CEOs of world football governing body (FIFA) and many Fortune 500 CEOs and their equivalents. Revenue also improved due to aggressive business development through market segmentation and competitive rates for rooms, food and beverage and corporate events.

#### **Profit**

The Company's Gross Profit was N11billion (2015: N10.3billion). This improvement was due to higher revenue. Profit Before Tax was N5.2billion (2015: N5.5billion) while the Company's Profit After Tax for the year was N3.7billion (2015: N3.6billion). This is in spite of the reduction in the number of rooms and escalating cost of operation.

#### **Balance Sheet**

The Company has maintained a stable Balance Sheet consistent with the prior year. Total assets was N88billion (2015:







N89billion) while total liabilities reduced by N1billion to N35billion in 2016.

## Key Business Achievements in 2016

### Operations

We strived to maintain market leadership in our flagship property, Transcorp Hilton Abuja closing the year with occupancy of 60% well ahead of competition.

To align with cost pressures on input cost from rising inflation and foreign exchange depreciation, we reviewed room rates and adjusted prices for our foods, beverages and ancillary revenue sources. We will continue to watch our input costs and proactively manage same to maintain healthy margins.

In validation of Transcorp Hilton Abuja as the prime hotel property in Abuja, we hosted a significant number of high profile guests and state visits which generated strong occupancy for the Hotel. These include Presidents of India, South Africa and Turkey, the King of Morocco, the United States Secretary of States, the FIFA President, etc.

I am happy to report that our turnaround initiatives for Transcorp Hotels Calabar is now yielding positive results as the Hotel recorded a profit after tax of N362mn for the first time since 2012.

The profitability is predicated on strategy of increasing occupancy and proactive cost management which allowed sufficient headroom to adjust room rates in response to local competition.

### Projects

#### Transcorp Hilton Abuja

Upgrade and refurbishment of the Transcorp Hilton is progressing with floors 8 to 10 now completed. These floors will be included in our available room inventory for sale by the end of first quarter 2017. The remaining rooms to be upgraded will be delivered by 2017 in line with agreed schedule.

The hotels elevators are being replaced and upgraded to enhance security and prevent unauthorised access to guest areas.

The external work covers rehabilitation of the Shehu Shagari Way gate-house, realigning associated road networks to allow for entry and exit of traffic through the Shehu Shagari Way gate and construction of Drivers' Village. These works are on schedule for completion by 2017.

The preliminary work for construction of 5,000-seater Conference facility is on track as tenders for construction works have been completed and preferred contractor selected. We are currently engaging with preferred contractor on value engineering initiatives to optimise cost prior to construction.

#### Transcorp Hilton Lagos

In 2016, we concluded piling works for Transcorp Hilton Lagos. Title documents are being processed for additional plots acquired while detailed design is completed.

Planning approval is also being processed which will be concluded after all title documents are obtained.

#### Transcorp Hilton Port Harcourt

We are in the process of completing the schematic design of the hotel, while processing necessary approvals for the development.

### Awards & Recognition

#### World Travel Awards 2016

Transcorp Hotels Plc won numerous awards in 2016 and for the fourth year in a row, the hotel emerged as the proud recipient of five prestigious awards at the 23rd World Travel Awards:

- Africa's Leading Business Hotel
- Nigeria's Leading Business Hotel
- Nigeria's Leading Hotel
- Nigeria's Leading Hotel Suite (the Presidential Suite)
- Nigeria's Leading MICE Hotel

The World Travel Awards brand is recognised globally as the hallmark of quality, with winners setting the benchmark to which all others aspire.

#### Trip Advisor

Transcorp Hilton Abuja clinched the 2016 TripAdvisor Travelers' Choice™ awards for Hotels (the highest honour to be given by TripAdvisor), ranking first out of sixty-four (64) hotels in Abuja based on the reviews and opinions of the global travel community.

#### 2016 Seven Stars Luxury Hospitality and Lifestyle

At the Seven Stars Luxury Hospitality and Lifestyle Awards held in Marbella, Spain in October 2016, the World's first international Hospitality Hall of Fame was launched to honour the extraordinary achievements of the most exceptional members of the Luxury Hospitality industry. At this event, Transcorp Hilton was honoured as one of the World's top luxury hospitality brands with the Seal of Excellence Award in the hotels and resorts sector. At this event, I was honoured as the Seven Stars CEO of the Year for the transformative works that have raised



Transcorp Hilton to the no. 1 luxury hospitality brand in Nigeria and top business hotel in Africa.

### Corporate Social Responsibility

Transcorp Hilton strongly supports our local community in many ways. We have an on-going partnership with a local NGO, (ACE Charity) to conduct a one-week job internship program for 20 youths aged between 18 and 25 to give them a glimpse of a 'Bright Blue Future' in the hospitality industry. The Hilton Kitchen Apprentice Program instituted 10 years ago, to create opportunities for young Nigerians produces 10 world class chefs every year. Our Team also volunteered thousands of hours to renovate blocks of classrooms at Durumi Community Primary School and Maitama Model Primary School. We support a large number of NGOs by offering concessionary terms for hosting their meetings, events and guests. Among the NGOs is the Emergency Coordination Centre (ECC) for the North East which has been hosted in the hotel since its inception. The IDP camp in Durumi receives our support with the daily provision of lunch for all the school-age children in the camp.

Our support for emerging talents cuts across the performing, literary and visual arts. In 2016, we organised and hosted in partnership with Abuja Metropolitan Music Society (AMEMUSO) Operabuja, an international classical music concert for the 9th consecutive year. In November 2016, we launched 'Soap for Hope' a corporate social responsibility initiative to recover, recycle and donate used soap bars to the local community. The recycled soap bars are donated to communities which lack access to soap and sanitation by the hotel's community partners, ACE Charity.

### Strategic Focus

#### Improved Operating Results

Our aim is to leverage on our superior brand by expanding our business and exploring profitable opportunities that will grow our revenue, more efficiently control our costs and maximize our profits.

#### Superior Service Delivery

Our promise to our Guests is to consistently deliver a world-class experience. We deployed Kaizen as a tool of service excellence at our Properties in Abuja and Calabar through continuous implementation of Kaizen principles in order to retain our competitive advantage locally and are at par with international hotels. Kaizen has since morphed internationally at the Hilton Worldwide into Operational Excellence (OeX) with the focus being on optimal performance, continuous improvement and extraordinary guest experience.

There was also a focus on team member trainings to help achieve these.

The effectiveness of these service initiatives is evidenced by all the various Awards we won in 2016, ranging from the five World Travel Awards, the #1 out of 64 hotels with the win of the TripAdvisor Travelers' Choice™ awards for Hotels, and being honoured with the Seal of Excellence Award by the Seven Stars Luxury Hospitality and Lifestyle Awards as one of the World's top luxury hospitality brands in the hotels and resorts sector. All these awards are from independent sources and as voted on by Guests themselves. In 2017, we will be building on these initiatives to create more of "*heartfelt experiences*" and a "*destination wow!*" experience for our Guests.

### OUTLOOK FOR 2017

The key imperative is to maintain effective occupancy at 60% - 70% range despite the reduction in room inventory while the upgrade is ongoing.

Conclusion of various upgrade projects will position Transcorp Hilton Abuja as a new upscale hospitality offering that will reinforce our market leadership with a potential to deliver higher occupancy at appropriate rates.

Transcorp Hotels will continue to push its expansion agenda in driving necessary milestone achievements and develop Ikoyi & Port Harcourt properties.

We also intend to continue pursuit of turnaround initiatives to maintain the profitability track for Transcorp Hotels Calabar.

### Conclusion

2016 has indeed been a successful year. We were able to weather the economic challenges because of the dedication of our esteemed customers, regulators, vendors, investors and the entire stakeholders. Of note is the tremendous technical support provided by Hilton Worldwide in ensuring that we maintain our world-class status. Our dedicated workforce has always reflected the Group's brand values of Execution, Enterprise and Excellence. My appreciation goes to you all, especially to our most supportive shareholders. I am convinced that with your continued support, we shall keep excelling at being the luxury hospitality leader in 2017.

**Valentine Ozigbo**  
Managing Director/CEO



Transcorp Hotels Plc Board of Directors at the 2015 AGM.



The MD/CEO hands over the Seven Stars Golden Champagne to the Group Chairman Mr. Tony O. Elumelu, CON.



MD/CEO, Group President and Company Secretary interact with Shareholders at AGM.



Representatives of the Board meeting with Fratezzi, one of the Vendors handling the renovation works.



MD/CEO and the Service Quality Manager, Transcorp Hilton Abuja receiving Fellowship of the Institute of Hospitality Awards.



MD/CEO with Joe Berger, The President of Hilton Americas at the 2016 Grammys.





Celebration of the World Travel Awards (WTA) and Seven Stars Luxury Hospitality & Lifestyle Awards.



MD/CEO addresses staff at the 2016 end of year party.



MD/CEO and Director of Business Development with FIFA President Gianni Infantino and the President of Nigeria Football Federation Amaju Pinnick.



Director of Business Development receiving the WTA 2016 in Zanzibar.



The Team renovating Maitama Model Primary School during Global Month of Service.



The Team at the launch of 'Soap for Hope' project with Zahra Buhari ACE Charity Ambassador.



Helping the Community - the GM and Zahra Buhari at the launch of 'Soap for Hope Project'.



Award well deserved - a Team member receiving 'Talent Hunt Award' at 2016 Christmas Party.



Transcorp Hotels Plc ("the Company") places great importance on maintaining high standards of Corporate Governance through a culture of strong business ethics, sound policies & procedures and effective internal control systems. Using the Kaizen principles, we continue to improve by monitoring our performance and ensuring its integrity and effectiveness without any compromise.

The Board is responsible for embedding high standards of Corporate Governance across the Company. They ensure that Management implements adequate policies, procedures and systems to produce an efficiently functioning Company, geared towards the creation and sustenance of shareholder and other stakeholder value.

During the year ended December 31, 2016, the Company complied with the provisions of the Code of Corporate Governance issued by Securities & Exchange Commission (SEC), as well as its internal Corporate Governance Policies.

## 1. Overview

The Board performs certain of its functions through its Committees whose Terms of Reference are spelt out in the Board and Committees Governance Charter. The delegation of these functions does not in any way mitigate or dissipate the discharge by members of their duties and responsibilities.

The following Committees exist in the Company: the Nomination and Governance Committee (NGC), the Finance and Investment Committee (FIC), the Board Sub-Committee on Audit (BSCA) and the Statutory Audit Committee (SAC).

Our existing corporate governance policies approved by the Board of Directors remained operational throughout the period under review and additional policies (Whistleblowing Policy, Code of Conduct, and Revised Board Remuneration Policy) were formulated or revised and approved.

The following are details of some policies that promote good Corporate Governance in the Company:

- **Governance Framework**

This framework explains the governance policies applicable to the Company's businesses. It provides for policy development and application, policy classification, review and revision as well as policy deviations and guiding templates.

- **Board and Board Committees Governance Charter**

This Charter provides for the terms of reference, types of Committees, composition, functions, roles, responsibilities of the Board, each Committee, Non-executive Directors, CEO, executives and Company Secretary. It also provides for tenor, meetings, quorum, proceedings, appointments, and the overall governance framework for the Board, Board Committees and members. The functions and proceedings of the SAC are governed by the provisions of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 (CAMA).

- **Executive Management Charter**

This Charter provides for the Executive Management Committee (EMC) of the Company – its composition, role, terms of reference, proceedings and general governance framework for management.

- **Code of Conduct**

This Policy was designed to adopt a consistent approach on integrity issues between the Company and its employees, Directors, subsidiaries, government officials, business partners and customers. It provides the policies and procedures to be followed on anti – corruption, conflict of interest, anti – bribery/improper payments, money laundering, terrorism financing and insider trading (black out policy). Upon appointment, each staff and Director signs an undertaking to abide by the provisions of this Code.





## 2. Board of Directors

### 2.1 General

The Board is the focal point of the Company's corporate governance system. Members of the Board are required to uphold good corporate governance practices when performing their fiduciary duties and responsibilities. Its primary responsibility is to effectively represent and promote the interest of shareholders and relevant stakeholders, by adding value to the Company's performance.

In accordance with the requirements of the relevant Corporate Governance Codes, the positions of Chairman and Managing Director/Chief Executive Officer are held by different persons, there are seven (7) non-executive directors, two (2) executive directors, and the Chairman of the Board, who does not serve on any Committee. The Chairman of the Board of Directors presides over Board and General Meetings.

The Board meets at least four times in a year in line with its approved Annual Board Calendar and the provisions of the Securities and Exchange Commission, Code of Corporate Governance 2011 ("SEC Code"). The Board has established formal delegations of authority, defining the limits of Management's power and authority and delegating to Management certain powers to run the day-to-day operations of the Company. Any responsibility not delegated remains with the Board and its Committees.

In order to achieve its objectives, we have brought together ten highly accomplished individuals who comprise the Board of Directors of Transcorp Hotels Plc. Eight (8) of whom are Non-executive Directors in line with leading Corporate Governance Practices. Of these eight, one is an independent Director.

### 2.2 Membership of the Board

During the year under review, there were seven (7) changes on the Board. Three (3) Directors exited and four (4) were appointed.

#### Retirements

1. Mr. Benjamin Dikki – March 2016
2. Mr. Gogo Kurubo – April 2016
3. Mr. Omoniyi Fagbemi – October 2016

#### Appointments

1. Dr. Vincent Akpotaire – March 2016
2. Dr. Bakari Wadinga – October 2016
3. Mr. Adim Jibunoh – March 2016
4. Hajia Saratu Umar – October 2016

Following these changes, the composition of the Board of Directors of the Company as at the end of the year 2016 was as follows:

1. Olorogun O'tega Emerhor, OON - Chairman - Appointed Non-executive Director in 2009 and became Chairman in September, 2011. Re-elected in April, 2015.
2. Mr. Valentine Ozigbo - MD/CEO - Appointed: October, 2011
3. Ms. Okaima Ohizua - Executive Director - Appointed: June, 2013
4. Mr. Emmanuel Nnorom - Non-executive Director - Appointed: January, 2014
5. HRH Baba Mohammed - Non-executive Director - Appointed: June, 2013. Re-elected April 2016
6. Hon. Peter Elumelu - Non-executive Director - Appointed: November, 2014
7. Mr. Adim Jibunoh - Non-executive Director - Appointed: Appointed March 2016
8. Dr. Vincent Akpotaire - Non-executive Director - Appointed: March, 2016
9. Dr. Bakari Wadinga - Non-executive Director - Appointed: October 2016
10. Hajia Saratu Umar - Non-executive Director - Appointed: October 2016



## 2.3 Board Meeting Attendance

A total of five (5) Board meetings were held in the 2016 Financial Year. The table below shows Directors' attendance at Board meetings for the Year.

### BOARD MEETINGS

Director	Total Attendance	23-Mar-16	15-Apr-16	13-Jul-16	07-Oct-16	16-Dec-16
Olorogun O'tega Emerhor, OON	5	Ö	Ö	Ö	Ö	Ö
Mr. Valentine Ozigbo	5	Ö	Ö	Ö	Ö	Ö
Ms. Okaima Ohizua	5	Ö	Ö	Ö	Ö	Ö
Mr. Emmanuel Nnorom	5	Ö	Ö	Ö	Ö	Ö
Hajia Saratu Umar (Appointed)	1	N/A	N/A	N/A	x	Ö
HRH. Baba Mohammed	5	Ö	Ö	Ö	Ö	Ö
Dr. Vincent Akpotaire (Appointed)	5	Ö	Ö	Ö	Ö	Ö
Mr. Omoniyi Fagbemi (Resigned)	2	Ö	x	Ö	N/A	N/A
Dr. Bakari Wadinga (Appointed)	2	N/A	N/A	N/A	Ö	Ö
Mr. Peter Elumelu	5	Ö	Ö	Ö	Ö	Ö
Mr. Adim Jibunoh (Appointed)	5	Ö	Ö	Ö	Ö	Ö

#### Key

= Director was present for Meeting

X = Director was absent with an apology

N/A = Not Applicable. Director was either not yet appointed to the Board or had resigned.

## 2.4 Board Committees

### 2.4.1 Nomination & Governance Committee

The Nomination and Governance Committee ("NGC") is made up entirely of Non-executive Directors in accordance with the SEC Code of Corporate Governance. As the name suggests, this Committee provides oversight on matters as it regards Governance. Terms of Reference of the NGC include:

- Advise the Board on corporate governance standards and formulate policies.
- Establish procedures for the nomination of Directors
- Advise and recommend to the Board the composition of the Board.
- Approve recruitments, promotions, redeployments and disengagements for the Company heads of departments that make up the Executive Management Committee
- Review and evaluate the skills of members of the Board.
- Recommend to the Board compensation for all staff of the Company.
- Review and approve all human resources and governance policies for the Group
- Review and recommend to the Board and Shareholders any changes to the memorandum and articles of association.
- Evaluate and appraise the performance of the Board and Board Committees and its members annually in conjunction with consultants.



NGC members:

1. Mr. Emmanuel Nnorom – Chairman
2. Mr. Peter Elumelu – Member
3. HRH Baba Mohammed – Member
4. Dr. Bakari Wadinga – Member
5. Mr. Adim Jibunoh – Member

The Committee met four (4) times in the year under review. The table below shows the frequency of meetings of NGC and members' attendance as at year ended December 31, 2016:

#### NOMINATION & GOVERNANCE COMMITTEE

Director	Total Attendance	10-3-16	01-07-16	07-10-16	6-12-16
Emmanuel Nnorom	4	Ö	Ö	Ö	Ö
Mr. Peter Elumelu	4	Ö	Ö	Ö	Ö
HRH Baba Mohammed	4	Ö	Ö	Ö	Ö
Mr. Gogo Kurubo *	1	Ö	N/A	N/A	N/A
Mr. Adim Jibunoh**	3	N/A	Ö	Ö	Ö
Mr. Omoniyi Fagbemi***	1	Ö	X	N/A	N/A
Dr. Bakari Wadinga****	N/A	N/A	N/A	N/A	N/A

#### Key

= Member was present for Meeting

X = Member was absent with apology

N/A = Not Applicable. Member was either not yet appointed to the Committee or had resigned.

\*Resigned/retired wef April 15, 2016

\*\*Appointed a member wef March 23, 2016

\*\*\*Resigned wef October 7, 2016

\*\*\*\*Appointed a member wef December 16, 2016

#### 2.4.1 Finance and Investment Committee

The Finance and Investment Committee ("FIC") has primary responsibility for providing oversight and guidance on matters as it relates to Finance, Investment, Company performance and Strategy. The Terms of Reference of the Committee include:

- i. Discharge the Board's responsibilities with regard to strategic direction and budgeting.
- ii. Provide oversight on financial matters and the performance of the Company.
- iii. Review and recommend investment opportunities or initiatives to the Board for decision.
- iv. Recommend financial and investment decisions within its approved limits.
- v. Assist the Board in fulfilling its oversight responsibilities with regard to audit and control.
- vi. Ensure that effective system of financial and internal control is in place
- vii. Monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of the Company.
- viii. Monitor and evaluate on a regular basis, the qualifications, independence and performance of external and internal auditors and the financial control departments.
- ix. Review the budget of the Company and make recommendations to the full Board for approvals above its limit;
- x. Monitor performance of the Company's budget against actual results



- xi. Review from time to time the capital (debt/equity) requirements of the Company and recommend to the Board for approval.

FIC members:

1. Mr. Emmanuel Nnorom – Chairman
2. Dr. Vincent Akpotaire – Member
3. Mr. Peter Elumelu – Member
4. Mr. Valentine Ozigbo – Member
5. Ms. Okaima Ohizua – Member

The FIC met nine (9) times in the year under review. The table below shows the frequency of meetings of the FIC and members' attendance:

#### FINANCE & INVESTMENT COMMITTEE

Member	Total Attendance	26-02-16	04-03-16	10-03-16	02-06-16	01-07-16	08-07-16	04-08-16	07-10-16	06-12-16
Emmanuel Nnorom	9	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö
Mr. Peter Elumelu	8	Ö	Ö	X	Ö	Ö	Ö	Ö	Ö	Ö
Dr. Vincent Akpotaire**	4	N/A	N/A	N/A	X	Ö	Ö	Ö	Ö	X
Mr. Valentine Ozigbo	9	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö
Ms. Okaima Ohizua	9	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö
Mr. Benjamin Dikki*	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

#### Key

= Member was present for Meeting

X = Member was absent with apology

N/A = Not Applicable. Member was either not yet appointed to the Committee or had resigned.

\*Resigned/retired wef March 2016

\*\*Appointed a member wef March 23, 2016

#### 2.4.1 Board Sub-Committee on Audit (BSCA)

This Committee was recently created by the Board of Directors on December 16, 2016 and therefore, did not meet during the period under review. The Committee shall hold its inaugural meeting in 2017. Its terms of reference include but are not limited to evaluation of strategic internal audit matters particularly critical risks such as security, determine its adequacy and effectiveness and monitor implementation of the measures approved. Members of the Committee are:

1. Hajia Saratu Umar - Member
2. HRH Baba Mohammed – Member
3. Mr. Adim Jibunoh - Member

#### 2.5 Statutory Audit Committee

The Audit Committee functions have been developed in accordance with the provisions of section 359(3) to (6) of the Companies and Allied Matters Act. These include but are not limited to the following:

- i. To ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- ii. To review the scope and planning of audit requirements;



- iii. To review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- iv. To keep under review the effectiveness of the company's system of accounting and internal control;
- v. To make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the company; and
- vi. To authorise the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the Committee.

The Statutory Audit Committee ("SAC") was inaugurated following the election of its members at the company's last Annual General Meeting (as a quoted company) held in April 2016. The Committee comprises equal numbers of shareholders representatives and Board representatives. The Chairman of the SAC is a shareholders' representative.

Members of the SAC as at the end of the Financial Year are as follows:



**Mr. Sanusi Mudasiru**  
– Chairman, Shareholders representative



**Mr. Akaninyene Obot**  
– Member, Shareholders representative



**Mr. Adim Jibunoh**  
– Member, Board representative



**Mr. Olusegun Owoeye**  
– Member, Shareholders representative



**HRH Baba Mohammed**  
– Member, Board representative



**Hajia Saratu Umar**  
– Member, Board representative  
(Appointed member on December 16, 2016  
subject to election at AGM)





The SAC met four (4) times in the year under review. The table below shows the frequency of meetings of the Statutory Audit Committee and members' attendance.

#### STATUTORY AUDIT COMMITTEE

Members	Total Attendance	10-3-16	01-07-16	07-10-16	06-12-16
Mr. Sanusi Mudasiru	4	Ö	Ö	Ö	Ö
Mr. Akaninyene Obot	4	Ö	Ö	Ö	Ö
Mr. Olusegun Owoeye	4	Ö	Ö	Ö	Ö
HRH Baba Mohammed	4	Ö	Ö	Ö	Ö
Mr. Gogo Kurubo *	1	Ö	N/A	N/A	N/A
Mr. Adim Jibunoh**	3	N/A	Ö	Ö	Ö
Mr. Omoniyi Fagbemi ***	2	Ö	Ö	N/A	N/A
Hajia Saratu Umar****	N/A	N/A	N/A	N/A	N/A

#### Key

= Member was present for Meeting

X = Member was absent with apology

N/A = Not Applicable. Member was either not yet appointed to the Committee or had resigned.

\*Resigned/retired wef April 15, 2016

\*\*Appointed a member wef March 23, 2016

\*\*\*Resigned wef October 7, 2016

\*\*\*\*Appointed a member wef December 16, 2016

### 3. Executive Management Committee

The Executive Management Committee (EMC) is charged with the primary responsibility of making policy decisions on the effective and efficient management of the Company. Below are other specific functions of the EMC:

- Articulate the strategy of the Company and recommend same to the Board for approval.
- Discuss strategic matters and their impact on the Company's business.
- Recommend to the Board the framework or policy for investment; and monitor the implementation of investment procedures.
- In line with Board approvals and guidance, outline the Company's philosophy, policy, objectives and resultant tasks to be accomplished.
- Recommend to the Board, structures and systems through which activities are arranged, defined and coordinated in terms of specific objectives.
- Prepare an annual financial plan for the approval of the Board and ensure the achievement of set objectives.

### 4. Internal Control / Audit

The entire staff and Management of Transcorp Hotels Plc take ownership and responsibility for protecting the Company against fraudulent transactions. However, the Internal Audit and Compliance Unit is entrusted with internal audit. The Compliance Unit takes responsibility for ensuring and promoting compliance with statutory and regulatory requirements, as well as with internal policies approved by the Board. The primary functions of Internal Audit are to review transactions entered into by the Company to ensure accuracy, completeness, compliance and accuracy. Internal Audit also provides assurance to the Board and



Management that internal control process are in place and adequate. The Head of Internal Control/Audit reports directly to the Statutory Audit Committee Chairman.

## 5. Safety, Health and Environmental (SHE) Policy

Transcorp Hotels Plc (Transcorp Hotels) is committed to achieving the highest performance in Safety, Health and Environment management, maintaining a healthy and safe working environment throughout its operations for all its Employees, Consultants, Sub-Consultants and any third parties, ensuring compliance and prevention of loss of any life, equipment or property. Recognizing our need to provide the highest quality of activities, products and services, we proactively integrate the Safety, Health and Environment objectives into our management systems at all levels, actively reinforced by rewards and recognition programs.

In view of the above, Transcorp Hotels Board and Management does the following:

- a. Allocates all necessary resources to achieve our set goals;
- b. Provides and maintains safe and healthy working conditions in compliance with all statutory and regulatory requirements;
- c. Makes available all necessary safety devices, protective equipment and supervising their usage;
- d. Maintains a constant and continued interest in the health and safety matters relating to the Company and its hotels by ensuring employees undertake hazard spotting as a normal part of their duties;
- e. Providing appropriate training to enable employees perform their work safely and efficiently;

All Transcorp Hotels employees and consultants have an obligation to co-operate in conformity with this SHE Policy by doing the following:

- a. carrying out their assignments in a manner that prevents injury to themselves and others;
- b. using the protective equipment provided as and when required;
- c. adhering to our Company's procedures for minimizing the environmental effects of its activities;
- d. assisting in the investigation of accidents with the aim of preventing their re-occurrence;
- e. reporting any damaged equipment, accidents, to the responsible departmental head;
- f. minimizing waste through re-use and recycling where applicable;
- g. suspending any activity if the employee or consultant notices any unsafe situation.

All employees of Transcorp Hotels, its hotels and subsidiaries understand their specific responsibilities at all times for Safety, Health, and Environment within the organization.

## 6. Relationship with Shareholders

The Company maintains an effective communication with its shareholders, which enables them understand our business, financial condition and operating performance and trends. Apart from our annual report, financial statements, market updates, regulatory disclosure requirements, media statements and formal shareholders' meetings, our Company website provides information on a wide range of matters for all stakeholders and provides feedback options.

## 7. Investor Relations

The Company has an Investors Relations Unit under the Finance department which holds regular Investors conferences to brief all stakeholders on operations of the Company. The Company also holds investors conferences with professionals to update its bond holders and investors on the state of our business. The professionals, as advisers and purveyors of information, relate with and relay to the shareholders useful information about us. We also regularly brief the regulatory authorities, and file statutory returns which are usually accessible to the shareholders via market news.



## 8. Directors' Remuneration Policy

The Board's remuneration policy is structured taking into account the environment in which it operates and the results it achieves at the end of each financial year. It includes the following elements:

### **Non-executive Directors**

Components of remuneration are payable quarterly, once or half yearly while sitting allowances are per meeting and based on levels of responsibilities.

Directors are sponsored for trainings that they require to enhance their duties to the Company.

### **Executive Directors**

The remuneration policy for executive directors considers various elements, including the following:

Fixed remuneration, taking into account the level of responsibility, and ensuring this remuneration is competitive with remuneration paid for equivalent posts of equivalent status within the industry both within and outside Nigeria.

Variable annual remuneration linked to performance. The amount of this remuneration is subject to achieving specific quantifiable targets, aligned directly with shareholders' interests.



## Principal Activities

The Company is engaged in the hospitality industry; particularly the rendering of hotel services.

## Results

The Group's result for the year is set out on page 46. The profit for the year is N4.1 billion (Company N3.7 billion). The results are driven by the strategic investments made by the company.

The summarised results are presented below:

	Group		Company	
	Dec 31 2016	Dec 31 2015	Dec 31 2016	Dec 31 2015
	N'000	N'000	N'000	N'000
Revenue	15,311,879	13,979,324	14,599,553	13,383,004
Gross Profit	11,421,986	10,617,359	10,934,184	10,251,002
Total Comprehensive income for the year	4,095,404	3,497,341	3,733,593	3,574,872
Earnings Per Share (Kobo)	54	46	49	47

## Dividend

The Directors recommend a final dividend of **40kobo per share** of the outstanding ordinary shares of 7,600,403,900 to be paid to shareholders of the company for the year ended December 31, 2016. This dividend shall become payable upon declaration by shareholders at the Annual General Meeting.

## Directors' Interests in Contracts

None of the directors notified the Company of any interest in contracts for the purpose of section 277 of the Companies and Allied Matters Act, of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

## Directors' Shareholding

The directors who held office during the year, together with their direct and indirect interests in the shares of the Company, were as follows:



### Direct and Indirect Holdings of Directors as at December 31, 2016.

Full Name (with title)	Position	Direct holding 2016	Indirect holding 2016	Direct holding 2015	Indirect holding 2015	Companies represented by indirect holding
Olorogun O'Tega Emerhor, OON	Chairman	N/A	6,344,100,000	N/A	6,344,100,000	Transnational Corporation of Nigeria Plc
Emmanuel Nnorom	Non Executive Director	1,000,000	N/A	1,000,000	N/A	N/A
Peter Elumelu	Non Executive Director	100,000	N/A	100,000	N/A	N/A
Dr. Vincent Akpotaire	Independent Director	N/A	N/A	N/A	N/A	N/A
HRH Baba Mohammed	Non Executive Director	N/A	N/A	N/A	N/A	N/A
Saratu Umar	Non Executive Director	N/A	N/A	N/A	N/A	N/A
Dr. Bakari Wadinga	Non Executive Director	N/A	837,900,000	N/A	837,900,000	Ministry of Finance Incorporated
Adim Jibunoh	Non Executive Director	N/A	N/A	N/A	N/A	N/A
Valentine Ozigbo	Managing Director	1,000,000	N/A	1,000,000	N/A	N/A
Okaima Ohizua	Executive Director, Customer Service	50,000	N/A	50,000	N/A	N/A

### Shareholding of more than 5%

According to the register of members at 31 December 2016, the following had more than 5% shareholding in the Company:

S/NO	Name	Holdings	%
1	Transnational Corporation Of Nigeria Plc	6,344,100,000	83.47
2	Ministry of Finance Incorporated	837,900,000	11.02





### Shareholding Analysis

According to the register of members at 31 December 2016, the analysis of shareholding in the Company was as follows:

Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1 - 999	134	9.22	134	29,676	0.00	29,676
1,000 - 9,999	823	56.64	957	1,834,378	0.02	1,864,054
10,000 - 99,999	397	27.32	1,354	8,523,073	0.11	10,387,127
100,000 - 999,999	83	5.71	1,437	12,028,904	0.16	22,416,031
1,000,000 - 9,999,999	9	0.62	1,446	26,037,869	0.34	48,453,900
10,000,000 - 99,999,999	3	0.21	1,449	81,000,000	1.07	129,453,900
100,000,000 - 999,999,999	3	0.21	1,452	1,126,850,000	14.83	1,256,303,900
1,000,000,000 - 9,999,999,999	1	0.07	1,453	6,344,100,000	83.47	7,600,403,900
<b>Grand Total</b>	<b>1,453</b>	<b>100.00</b>		<b>7,600,403,900</b>	<b>100.00</b>	

### Share Capital History

The capitalisation history of the company as at December 31, 2016 is as follows:

Date	Authorised Increase Units	Authorised Cumulative Units	Issued Increase Units	Issued Cumulative Units	Consideration Units
<b>12/07/1994</b>	10,000,000	10,000,000	5,000,000	5,000,000	Cash
<b>13/01/2014</b>	20,000,000	30,000,000	16,000,000	21,000,000	Cash
<b>13/03/2014</b>	7,470,000,000	7,500,000,000	3,570,000,000	3,591,000,000	Bonus Issue
<b>13/03/2014</b>	7,500,000,000	15,000,000,000	3,591,000,000	7,182,000,000	Stock Split
<b>11/11/2014</b>	-	15,000,000,000	418,403,900	7,600,403,900	Cash

### Fixed Assets

Information relating to changes in the fixed assets of the Company is provided in Note 13 to the financial statements.

### Employment of Physically Challenged Persons

The Company's Human Resources Policy provides for fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's Policy prohibits discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged.

### Employee Health, Safety and Welfare

The Group maintains business premises and work environments that guarantee the safety and health of its employees and other stakeholders. The Group's rules and practices in these regards are reviewed and tested regularly. Provisions are made for wheelchair access in designated areas and the Group provides free medical insurance for its employees and their families through selected health management organizations and hospitals.



### **Employee Training and Development**

The Directors maintain regular communication and consultation with the employees on matters affecting employees and the Company. Employees are kept fully informed regarding the Company's performance and the Company operates an open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them. The Company's employees at various hotels also benefit from the performance of the Company through the service charge bonus scheme, which entitles them to a percentage of the hotel's service charge revenue. Training is carried out at various levels through in-house, group-wide, local and international courses. The Company's skill base has been extended by a range of training provided to the employees whose opportunity for career development within the Company has been enhanced.



## Sustainability – The Effective and Efficient Way

Our operating environment is faced with numerous challenges, ranging from foreign exchange volatility, inflation, increase in commodity price, policy changes to access to power supply. However, Transcorp Hotels Plc is sensitive to this reality and thus follows the principles of sustainable development as the basis for successful, forward-looking business activities, integrating ethical, social and environmental responsibility into daily business activities.

We are committed to contributing to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.

In 2016, Transcorp Hotels Plc took major steps in executing its strategic sustainability objectives of achieving effectiveness and efficiency in all areas of its business. Our efficient use of human, social and capital resources and practical approach to corporate governance has helped the Company attain significant growth in revenue (11% increase over 2015) during the year.

## Stakeholder Engagements

At Transcorp Hotels Plc, we recognise that positive outcomes cannot be achieved without adequate engagement of our diverse stakeholders. As such, various media are in place to ensure stakeholder needs and concerns are received, understood and addressed.

We engage our employees through surveys, forums/feedback sessions, retreats, newsletters, letters of commendations as well as by maintaining an open door policy.

We engage our other stakeholders and investors through platforms such as:

- **Investors' Conference:** Periodic meetings held with institutional shareholders to discuss the Company's performance.
- **Annual General Meeting:** Annual meeting held with all shareholders to discuss the business and its performance
- **Website:** Through the "Contact us" portal on the Company's website (<http://transcorphotelsplc.com/contact/>)
- **Complaint Management Procedure:** A dedicated process for the handling and resolution of complaints found on the Company's website. (<http://transcorphotelsplc.com/wp-content/uploads/2014/09/Transcorp-Hotels-Plc-Complaints-Management-Policy.pdf>)
- **Social Media:** We are also active on social media platforms like Facebook, Google plus, Instagram, Twitter and LinkedIn.

## Corporate Governance

Corporate Governance is a prerequisite for the integrity and credibility of any Organisation. It is this contract that underpins economic growth in a market economy.

Transcorp Hotels Plc is committed to good corporate governance practices, we have put in place policies and procedures that govern the relationship between the Board, Management and all stakeholders to ensure transparency, fairness, accountability, financial sustainability and enhance shareholder value.

The Board is responsible for embedding high standards of Corporate Governance across the Company, essential for the sustainability of our Company.



### Ethics and Whistle blowing

Transcorp Hotels Plc is committed to high ethical standards, with the Board of Directors setting the tone at the top. To ensure its continued commitment to ethical practices, the Company has put in place various processes to enable staff and other stakeholders report any unethical activity affecting it.

- **Whistle blowing Procedure:** A dedicated process for reporting suspected violations of the Company's policies or national laws and regulations. This policy has been placed on the Company's website. (<http://transcorphotelsplc.com/wp-content/uploads/2016/04/WHISTLE-BLOWING-POLICY-FINAL-THPLC1.pdf>). Details of the whistle blowing channels are:
  - Telephone: 070 340 67 924
  - Email: [whistleblower@transcorphotelsplc.com](mailto:whistleblower@transcorphotelsplc.com)
- **Code of Conduct:** A dedicated policy document that codifies the Company's values, provides guidance on ethical issues and fosters a culture of honesty and accountability. This policy provides clearly the Company's stand on corruption/ bribery, money laundering and conflict of interest issues.

### Environment, Community Investment and Corporate Social Responsibility

At Transcorp Hotels Plc, we are passionate about our environment and community. We aim to positively contribute to the quality of our environment and to address the social issues that impact our business and are important to the communities where we live and work.

#### Preserving Environment

- **Energy and Greenhouse Effect:** We reduced our impact on the environment by installing more efficient equipment, providing training for Team Members.
- **Water - Save Every Drop:** We worked hard to reduce our use of water through informing team members of best practices and installing water efficient equipment such as low-flow shower heads and taps.
- **Material Recycle – NaijaBrics:** Collection and delivery of old newspaper to NaijaBrics for the production of Briquettes used for cooking which serves as an alternative to wood, kerosene or coal. This initiative not only preserves the environment, it also empowers the rural community women who sell the cooking briquettes.
- **Soap for Hope Project:** In November 2016, we launched 'Soap for Hope' an initiative to recover, recycle and donate used soap bars to the local community. With the aim of saving lives by promoting hygiene, 'Soap for Hope' is a tripartite partnership between Transcorp Hilton Abuja, Sealed Air Diversey and ACE Charity. The recycled soap bars are donated to communities which lack access to soap and sanitation by the hotel's community partners, ACE Charity. An estimated seven million children in developing countries, including Nigeria, pass away every year due to diarrheal and respiratory diseases which can be prevented by a simple but effective practice: proper hand-washing with soap. However, for many families mired in poverty, a bar of soap can be an unaffordable luxury. 'Soap for Hope' will distribute thousands of soap bars to disadvantaged children and communities in Abuja and in the process help vulnerable people make a small sustainable living.

#### Community Investment (Creating Opportunities)

- Sponsorship of a week-long career fair job and job internship program for secondary school students as part of activities marking Hilton Worldwide Youth in Hospitality Month
- Hilton Kitchen Apprenticeship Program which trains young Nigerians the rudiments of cooking and kitchen management and mould them into world class chefs
- Sponsorship of Abuja Metropolitan Music Society, an NGO that provides a platform for Nigerians to express their musical talents. The Society has produced a 50-man choir that stages the world class musical concert, Operabuja annually.



- Sponsorship of Photography Workshop for Nigerian Artists who use the photography medium in order to develop their skills and prepare them for competition on global stage
- Sponsorship of young Nigerian comedians to showcase their talents and get the needed exposure

#### **Corporate Social Responsibility - Transcorp Hilton in the Community**

- The mission of our strategic giving is to harness our passion and expertise to address the social, economic and sustainability issues that impact our business and are important to the communities where we live and work. We fund programs, activities and initiatives that align with our 'Travel with Purpose' commitment and fall under our three corporate responsibility pillars – creating opportunities, strengthening communities and preserving the environment.
- We have an on-going partnership with a local NGO, (ACE Charity) to conduct a one-week job internship program for 20 youths aged between 18 and 25 to give them a glimpse of a 'Bright Blue Future' in the hospitality industry. The Hilton Kitchen Apprentice Program which we instituted 10 years ago to create opportunities for young Nigerians produces 10 world class chefs every year. Our Team also volunteered thousands of hours to renovate blocks of classrooms at Durumi Community Primary School and Maitama Model Primary School. We support a large number of NGOs by offering concessionary terms for hosting their meetings, events and guests. Among the NGOs is the Emergency Coordination Centre (ECC) for the North East which has been hosted in the hotel since its inception. The IDP camp in Durumi receives our support with the daily provision of lunch for all the school-age children in the camp.
- Our support for emerging talents cuts across the performing, literary and visual arts. These include our sponsorship of HEAR WORD! a stage production that addresses gender inequality through the true stories of 20 Nigerian women, poetry events, comedy events and photography exhibitions. In 2016, we organised and hosted Operabuja, an international classical music concert for the 9th consecutive year. Organised in conjunction with the Abuja Metropolitan Music Society (AMEMUSO), Operabuja provides a platform for Nigerians to showcase their artistic talents. In November 2016, we launched 'Soap for Hope' a corporate social responsibility initiative to recover, recycle and donate used soap bars to the local community. The recycled soap bars are donated to communities which lack access to soap and sanitation by the hotel's community partners, ACE Charity.
- Transcorp Hilton Abuja's Team celebrated the legacy of legendary Nelson Mandela on 18 July 2016 by turning out en masse and teaming up with ACE Africa Charity, our community partners, to renovate the classrooms, sanitize the environment and develop an horticultural garden at Durumi Community Primary School. The dilapidated school was given a new lease of life by our Team Members who were inspired by the life and times of Nelson Mandela to devote their time to serving humanity on Mandela Day.

#### **Employee**

The wellbeing of all employees is our priority. At Transcorp Hotels Plc, all employees and prospective employees are treated fairly and equally regardless of their family status, race, colour, nationality, ethnic, religious belief, age, physical or mental disability, gender or any such factor.

**Training Initiatives:** Transcorp Hotels Plc understands the value of the continuous development of its staff hence, training is carried out at various levels through in-house, group-wide, local and international courses annually.

#### **Vendors and Suppliers**

Transcorp Hotels Plc maintains an inclusive and robust procurement policy which enhances our corporate responsibility through continuous interaction with our suppliers and helping them improve in their sustainability and quality standards.





Purchasing decisions are made in a fair and impartial manner, are based upon competitive bidding, and follow a transparent and auditable vendor selection and management process.

#### **Awards and Recognitions**

As a testament to our strategy for sustainability "Efficiency and Effectiveness", Transcorp Hotels Plc achieved the various milestones in 2016.

- Transcorp Hilton Hotel won the Signum Virtutis or Seal of Excellence awards in the Hotels and Resorts Category of the 2016 Seven Stars Global Luxury Hospitality and Lifestyle Awards - the only Nigerian hotel to receive this prestigious award.
- For the fourth consecutive year, Transcorp Hilton Hotel was honoured at the World Travel Awards 2016 ceremony with five (5) awards, including Africa's Leading Business Hotel.
- Transcorp Hotels Calabar's financial performance at its highest since 2013.

#### **EXTERNAL AUDITORS**

Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office as the auditors of the Company in accordance with Section 357(2) of the Companies and Allied Matters Act.

#### **BY ORDER OF THE BOARD**

**Mrs. Helen Iwuchukwu**

**Company Secretary**

FRC/2015/NBA/00000012716

February 8, 2017



## SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

8 Onigefon Road, Palace Way, Oniru, P.O.Box 73002, Victoria Island, Lagos.  
Phone: +234 8158390739, 8158390740  
Website: [www.corpgovernigeria.org](http://www.corpgovernigeria.org)

### BOARD EVALUATION REPORT FOR THE BOARD OF TRANSCORP HOTELS PLC.

#### EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was invited to conduct an independent evaluation/assessment of the Board of Transcorp Hotels Plc for 2016, on Wednesday, December 14, 2016.

Below is a summary of our findings:

Situated in the heart of Nigeria's Federal Capital Territory, Transcorp Hotels is a 5-star hotel that prides itself on the delivery of world class hospitality. Transcorp Hotels Plc. provides luxury accommodation, exotic cuisine, and fully equipped meeting rooms for business travellers and tourists from all over the world. The hotel offers the benefit of the international-standard guest reward programme, Hilton Honors, which awards points and miles to members who stay at any of the Hilton Group's 3,700 hotels world-wide, and airline miles in partnership with over 50 airlines.

Under Transcorp's leadership, the Transcorp Hilton Hotel was named the best Hilton property in Africa, the Middle East and Asia for the year 2010, recipient of the Hilton Worldwide Prize for the 2012, and Group Conference and Events Sales Team of the year for the Middle East and Africa regions.

The main responsibility of the Board of Transcorp Hotels Plc. is to oversee the company's business strategy and business plan and to ensure that the management of the Company is consistent with the shareholders' resolution and in compliance with the law.

The Board is made up of Directors who are competent and experienced with sound knowledge of business issues and experienced in the hospitality services industry.

The Chairman of the Board has fostered an environment that encourages and supports the active participation and contribution of Board members at meetings.

Peer assessment results showed that the Directors' main areas of strength are finance & investment, Management, Risk management and hospitality, both in the Board and Committees and the Director's knowledge and understanding spanning across their diversity, experience and resounding knowledge.

The company corporate has a comprehensive Governance policy, Board Guidelines, Code of Business Ethics and Whistle Blowing Policy. All the policies were sighted and assessed for content and relevance and were found to be way above average.

Board of Directors: Mr. Pascal Dozie CON (President), Professor Juan Eledjo, Professor Pat Utom, Dr Emmanuel Kachikwu, Dr Chris Ogburn, Professor Fabian Agogwu SAN, Mrs. Clare Omatseye, Mr. Tjani Borodo, Mr. Ibrahim Dikko, Mr. Tunji Oyebang

\*The Society for Corporate Governance Nigeria Limited by Guarantee (Registered Not-for-profit No. 620 268) is committed to the development of Corporate Governance



In view of this, we rate the board 'very good' in regulatory compliance and transparency.

In our opinion, The Board of Directors of Transcorp Hotels Plc. has taken its oversight responsibility very seriously. This is demonstrated by the attendance at Board and Committee meetings of the Directors and the depth of discussions and resolutions arrived at during these meetings.

In the period under review, the Board met Five (5) times.

In as much as there is still room for improvement and continuous Director development, we are happy to state that the Board of Transcorp Hotels Plc. conducted its affairs in an acceptable and satisfactory manner in 2016.

For: **SOCIETY FOR CORPORATE GOVERNANCE NIGERIA**

**Hilda Nkor (Mrs.)**

**FRC/2016/NIM/00000015618**

**Chief Executive Officer**

# STATEMENT OF DIRECTORS' RESPONSIBILITY



The Companies and Allied Matters Act (Cap C20) requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

- (a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;
- (b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- (c) Prepares the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

**Olorogun O'tega Emerhor, OON**  
**Chairman**

FRC/2013/ICAN/00000003211

February 08, 2017

**Mr. Valentine Ozigbo**  
**Managing Director/CEO**

FRC/2013/ICAN/00000005347

February 08, 2017

# REPORT OF THE AUDIT COMMITTEE



## TO THE MEMBERS OF TRANSCORP HOTELS PLC

In compliance with section 359 (6) of the Companies and Allied Matters Act, (Cap C20), Laws of the Federation of Nigeria, 2004, members of the Audit Committee of Transcorp Hotels Plc hereby report as follows:

- 1) The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359 (6) of the Companies and Allied Matters Act.
- 2) We have examined the Auditors report including the financial statements for the year ended 31 December 2015.
- 3) We have deliberated with the external Auditors, reviewed their findings and recommendations and confirm that the Auditors report for this period is consistent with our review.
- 4) We are satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and meet ethical standards.

**Mr. Sanusi Mudasiru**

Chairman, Audit Committee  
FRC/2016/ICAN/0000014309

## Members of the Audit Committee

- |                                    |            |   |
|------------------------------------|------------|---|
| 1) Mr. Sanusi Mudasiru             | (Chairman) | - Shareholder representative                            |
| 2) Mr. Akaninyene Obot             | (Member)   | - Shareholder representative                            |
| 3) Mr. Olusegun Owoeye             | (Member)   | - Shareholder representative                            |
| 4) Mr. Baba Mohammed               | (Member)   | - Directors representative                              |
| 5) Mr. Adim Jubinoh                | (Member)   | - Director representative                               |
| 6) Mr. Omoniyi Fagbemi, <i>mni</i> | (Member)   | - Director representative (resigned on October 7, 2016) |





## *Independent auditor's report*

To the members of Transcorp Hotels Plc

### *Report on the audit of the consolidated and separate financial statements*

#### *Our opinion*

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Transcorp Hotels Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2016, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

#### **What we have audited**

Transcorp Hotels Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

#### *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 this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### *Key audit matters*

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

*PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria*



## Key audit matter

## How our audit addressed the key audit matter

### *Impairment of non-financial asset*

Refer to note 6 (Critical accounting estimates and judgments), and note 14.1 (Goodwill) to the consolidated and separate financial statements where the impairment of non-financial asset has been discussed.

An impairment review of non-financial assets is performed when there is an indication that these may be impaired. Goodwill is tested annually for impairment or whenever there is an impairment indicator. Goodwill arose when the Group acquired 100% equity interest in Transcorp Hotels Calabar Limited (THCL) on 30 September 2012.

Goodwill was calculated as the difference between the purchase consideration for the 100% interest in THCL and the Group's share of net assets acquired and was valued at N1.97 billion. Goodwill is allocated on the Group's cash generating unit (CGU) which is THCL.

In assessing goodwill for impairment, the company compared the aggregate recoverable amount of the assets included in the CGU to its respective carrying amounts. Recoverable amount has been determined based on the value in use of the CGUs using five year cash flow budgets approved by directors that made maximum use of observable markets for inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates that do not exceed the long-term average growth rate for the business.

We focused on this area due to the identification of impairment indicators such as poor financial performance of the hotel, increasing cost pressures in the hotel industry and the decline in the profitability of the hotel in prior years. Given the materiality of non-financial asset, an impairment could have significant impact on the financial statements. We also focused on this area due to significant judgement involved in performing the impairment test.

This matter is considered a key audit matter in the consolidated financial statements only.

We engaged use of our independent valuation expert to challenge management's assumptions over cash flow forecast and assessed the reasonableness of discount rate and growth rates.

Our valuation experts reviewed the adequacy of methodology used by the company in determining the net present value of the future cash flows and the terminal growth rate. We tested the accuracy and completeness of the underlying data used in the impairment computations through performing checks between the data recorded in the historical financial statements and data used by our experts in performing the audit.

We challenged the impairment assumptions, including the consideration and management rationale for the judgements applied and any reliance placed on industry information.

For discount rate and terminal growth rate, we assessed the appropriateness of the methodology and any modifications made against our knowledge and experience of the regulatory requirements and of the industry. We further assessed the assumptions with reference to wider market practice and prevailing economic conditions.





### *Other information*

The directors are responsible for the other information. The other information comprises:

- *Group overview*
- *Our businesses*
- *Chairman's statement*
- *MD/CEO's report*
- *Corporate governance report*
- *Independent board evaluation report*
- *Statement of Director's responsibilities*
- *Report of the audit committee*
- *Directors' report*
- *Notice of annual general meeting*
- *Consolidated and separate Statement of Value Added*
- *Consolidated and separate Five year Financial Summary*

(but does not include the consolidated and separate financial statements and our auditor's report thereon).

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

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

### *Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements*

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act, and the Financial Reporting Council of Nigeria Act and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's responsibilities for the audit of the consolidated and separate financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

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

We communicate with 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.

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

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





### *Report on other legal and regulatory requirements*

The Companies and Allied Matters Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received by us;
- iii) the company's statements of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows are in agreement with the books of account;

For: PricewaterhouseCoopers  
Chartered Accountants  
Lagos, Nigeria  
Engagement Partner: Edafe Erhie  
FRC/2013/ICAN/000000001143



20 February 2017



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016



		Group		Company	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Note	N'000	N'000	N'000	N'000
<b>ASSETS</b>					
<b>Non Current assets</b>					
Property, plant and equipment	13	77,072,454	63,334,139	66,143,308	54,068,669
Intangible assets	14	2,073,383	2,032,567	94,904	52,025
Investment in subsidiaries	15	-	-	3,529,781	3,529,781
Investment properties	16	-	-	1,751,576	1,507,000
Long term intercompany receivables	24.2	-	-	5,062,875	3,564,516
<b>Total non current assets</b>		<b>79,145,837</b>	<b>65,366,706</b>	<b>76,582,444</b>	<b>62,721,991</b>
<b>Current assets</b>					
Inventories	19	725,857	691,442	683,615	658,216
Trade and other receivables	20	9,078,745	11,098,053	9,265,317	11,510,857
Cash and bank balances	21	1,814,074	14,184,829	1,757,974	13,998,377
<b>Total current assets</b>		<b>11,618,676</b>	<b>25,974,324</b>	<b>11,706,906</b>	<b>26,167,450</b>
<b>Total assets</b>		<b>90,764,513</b>	<b>91,341,030</b>	<b>88,289,350</b>	<b>88,889,441</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	17	14,571,848	16,313,564	14,571,848	16,313,564
Deposit for shares	22	2,410,000	2,410,000	-	-
Deferred tax liability	18	7,080,319	7,482,786	7,158,798	7,221,889
<b>Total non -current liabilities</b>		<b>24,062,167</b>	<b>26,206,350</b>	<b>21,730,646</b>	<b>23,535,453</b>
<b>Current liabilities</b>					
Trade and other payables	22	5,951,166	6,818,425	5,764,926	6,643,246
Borrowings	17	6,116,876	3,238,531	6,116,876	3,238,531
Current income tax liabilities	12	1,433,911	2,932,574	1,424,231	2,912,972
<b>Total current liabilities</b>		<b>13,501,953</b>	<b>12,989,530</b>	<b>13,306,033</b>	<b>12,794,749</b>
<b>Total liabilities</b>		<b>37,564,120</b>	<b>39,195,880</b>	<b>35,036,679</b>	<b>36,330,202</b>
<b>Equity</b>					
Ordinary share capital	28	3,800,202	3,800,202	3,800,202	3,800,202
Share premium	28	4,034,411	4,034,411	4,034,411	4,034,411
Retained earnings		45,364,940	44,309,697	45,418,058	44,724,626
<b>Capital and reserves attributable to owners of the parent</b>		<b>53,199,553</b>	<b>52,144,310</b>	<b>53,252,671</b>	<b>52,559,239</b>
Non-controlling interest		840	840	-	-
<b>Total equity</b>		<b>53,200,393</b>	<b>52,145,150</b>	<b>53,252,671</b>	<b>52,559,239</b>
<b>Total equity and liabilities</b>		<b>90,764,513</b>	<b>91,341,030</b>	<b>88,289,350</b>	<b>88,889,441</b>

The notes on pages 50 to 90 are an integral part of these financial statements

The financial statements on pages 45 to 90 were approved and authorised for issue by the Board of Directors on February 8, 2017 and were signed on its behalf by:

Olorogun O'tega Emerhor, OON  
FRC/2013/ICAN/00000003211  
**Chairman**

Adekunle Elumaro  
FRC/2013/ICAN/00000004862  
**Chief Financial Officer**

Valentine Ozigbo  
FRC/2013/ICAN/00000005347  
**Managing Director/ CEO**

# INCOME STATEMENT

FOR YEAR ENDED 31 DECEMBER 2016



		Group		Company	
		31 December 2016 N'000	31 December 2015 N'000	31 December 2016 N'000	31 December 2015 N'000
	Note				
Revenue	7	15,311,879	13,979,324	14,559,553	13,383,004
Cost of sales	8	(3,889,893)	(3,361,965)	(3,625,369)	(3,132,002)
<b>Gross profit</b>		<b>11,421,986</b>	<b>10,617,359</b>	<b>10,934,184</b>	<b>10,251,002</b>
Administrative expenses	9	(7,323,156)	(5,943,159)	(6,858,464)	(5,473,493)
Other operating income	10	560,571	108,970	560,571	108,327
<b>Operating profit</b>		<b>4,659,401</b>	<b>4,783,170</b>	<b>4,636,291</b>	<b>4,885,836</b>
Finance income	11	575,585	594,798	565,496	590,316
Net finance income		<b>575,585</b>	<b>594,798</b>	<b>565,496</b>	<b>590,316</b>
<b>Profit before taxation</b>		<b>5,234,986</b>	<b>5,377,968</b>	<b>5,201,787</b>	<b>5,476,152</b>
Income tax expense	12	(1,139,582)	(1,880,627)	(1,468,194)	(1,901,280)
<b>Profit for the year</b>		<b>4,095,404</b>	<b>3,497,341</b>	<b>3,733,593</b>	<b>3,574,872</b>
<b>Total comprehensive income for the year</b>		<b>4,095,404</b>	<b>3,497,341</b>	<b>3,733,593</b>	<b>3,574,872</b>
<b>Total comprehensive income for the period is attributable to:</b>					
<b>Owners of Transcorp Hotels Plc</b>		<b>4,095,404</b>	<b>3,497,341</b>	<b>3,733,593</b>	<b>3,574,872</b>
Non controlling interest		-	-	-	-
<b>Basic EPS (kobo)</b>	<b>27</b>	<b>54</b>	<b>46</b>	<b>49</b>	<b>47</b>
<b>Diluted EPS (kobo)</b>	<b>27</b>	<b>54</b>	<b>46</b>	<b>49</b>	<b>47</b>

The notes on pages 50 to 90 are an integral part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 31 DECEMBER 2016



Group	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Non-controlling interest N'000	Total Equity N'000
<b>At 1 January 2015</b>	<b>3,800,202</b>	<b>4,034,411</b>	<b>43,917,457</b>	<b>-</b>	<b>51,752,070</b>
Profit for the year	-	-	3,497,341	-	3,497,341
Shares allotted to NCI	-	-	-	840	840
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,497,341</b>	<b>840</b>	<b>3,498,181</b>
<b>Total transactions with owners recognised directly in equity</b>					
Dividend for 2015	-	-	(3,105,101)	-	(3,105,101)
<b>Balance at 31 December 2015</b>	<b>3,800,202</b>	<b>4,034,411</b>	<b>44,309,697</b>	<b>840</b>	<b>52,145,150</b>
<b>Balance at 1 January 2016</b>	<b>3,800,202</b>	<b>4,034,411</b>	<b>44,309,697</b>	<b>840</b>	<b>52,145,150</b>
Profit for the year	-	-	4,095,404	-	4,095,404
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>4,095,404</b>	<b>840</b>	<b>4,095,404</b>
<b>Total transactions with owners recognised directly in equity</b>					
Dividend for 2016	-	-	(3,040,161)	-	(3,040,161)
<b>Balance at 31 December 2016</b>	<b>3,800,202</b>	<b>4,034,411</b>	<b>45,364,940</b>	<b>840</b>	<b>53,200,393</b>

The notes on pages 50 to 90 are an integral part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 31 DECEMBER 2016



Company	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
Balance at 1 January 2015	3,800,202	4,034,411	44,254,855	<b>52,089,468</b>
Profit for the year	-	-	3,574,872	3,574,872
<b>Total comprehensive income for the year</b>	-	-	<b>3,574,872</b>	<b>3,574,872</b>
<b>Total transactions with owners recognised directly in equity</b>				
Interim dividend for 2015	-	-	(3,105,101)	(3,105,101)
<b>Balance at 31 December 2015</b>	<b>3,800,202</b>	<b>4,034,411</b>	<b>44,724,626</b>	<b>52,559,239</b>
<b>Balance at 1 January 2016</b>	<b>3,800,202</b>	<b>4,034,411</b>	<b>44,724,626</b>	<b>52,559,239</b>
Profit for the year	-	-	3,733,593	3,733,593
<b>Total comprehensive income for the year</b>	-	-	<b>3,733,593</b>	<b>3,733,593</b>
<b>Total transactions with owners recognised directly in equity</b>				
Interim dividend for 2016	-	-	(3,040,161)	(3,040,161)
<b>Balance at 31 December 2016</b>	<b>3,800,202</b>	<b>4,034,411</b>	<b>45,418,058</b>	<b>53,252,671</b>

The notes on pages 50 to 90 are an integral part of these financial statements

# STATEMENT OF CASH FLOW

FOR YEAR ENDED 31 DECEMBER 2016



		Group		Company	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Note	N'000	N'000	N'000	N'000
<b>Cash flows from operations</b>					
Cash generated from operating activities	29	8,014,100	10,059,450	6,612,281	6,381,617
Tax paid	12	(3,042,659)	(2,063,008)	(3,020,026)	(2,063,008)
<b>Net cash generated from operating activities</b>		<b>4,971,441</b>	<b>7,996,442</b>	<b>3,592,255</b>	<b>4,318,609</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property plant and equipment	10	3,600	16,595	3,600	16,595
Investment in subsidiary	15	-	-	-	(21,160)
(Increase) / decrease in long term receivables	24.2	(1,498,359)	1,616,010	(1,498,359)	(1,948,506)
Purchase of property, plant and equipment	13	(10,465,133)	(15,475,601)	(8,861,773)	(7,922,075)
Purchase of investment property	16	-	-	(73,041)	(407,000)
Purchase of intangible assets	14	(65,206)	(16,242)	(65,206)	(16,242)
Interest received	11	575,585	594,798	565,496	590,316
<b>Net cash used in investing activities</b>		<b>(11,449,513)</b>	<b>(13,264,440)</b>	<b>(9,929,283)</b>	<b>(9,708,072)</b>
<b>Cash flows from financing activities</b>					
Proceeds from bond issues		-	19,552,095	-	19,552,095
Capitalised interest received	11	181,506	-	181,506	-
Interest paid		(3,121,017)	-	(3,121,017)	-
Dividends paid		(3,105,101)	(2,812,149)	(3,105,101)	(2,812,149)
<b>Net cash (used in) / generated from financing activities</b>		<b>(6,044,612)</b>	<b>16,739,946</b>	<b>(6,044,612)</b>	<b>16,739,946</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(12,522,684)</b>	<b>11,471,948</b>	<b>(12,381,640)</b>	<b>11,350,483</b>
Cash and cash equivalents at the beginning of the year		14,184,829	2,688,578	13,998,377	2,624,925
Effect of exchange rate fluctuations on cash held		151,929	24,303	141,237	22,969
<b>Cash and cash equivalents at end of year</b>	<b>21</b>	<b>1,814,074</b>	<b>14,184,829</b>	<b>1,757,974</b>	<b>13,998,377</b>

The notes on pages 50 to 90 are an integral part of these financial statements

The effect of fair value gain of N173 million has been excluded from additions to property, plant and equipment.



## 1 General information

Transcorp Hotels Plc was incorporated on 12 July 1994 in Nigeria under the Companies and Allied Matters Act as a private limited liability company, and is domiciled in Nigeria. The company is engaged in the hospitality industry; particularly the rendering of hotel services.

The company owns and operates Transcorp Hilton Hotel Abuja. The hotel which is situated in Abuja provides luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travellers and tourists from all over the world.

The company holds 100% equity interest in Transcorp Hotels Calabar Limited and Transcorp Hotels Port Harcourt Limited and also has interests in Transcorp Hotels Ikoyi Limited. The "Group" consists of Transcorp Hotels Plc and the above named subsidiaries.

The company's registered office is 1 Aguiyi Ironsi Street, Federal Capital Territory, Abuja, Nigeria.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

The preparation of financial statements, in conformity with IFRS, requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements have been prepared on a historical cost basis except for the fair value basis applied to certain property, plant and equipment, investment properties and intangible assets. These assets are subsequently carried at cost less accumulated depreciation except for investment properties which are revalued annually.

The financial statements are presented in Nigerian Naira being the functional currency of the primary economic environment in which the company operates and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

#### 2.1.1 Going Concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the company would remain in existence for at least 12 months after the reporting date.





## 2.1.2 Changes in accounting policy and disclosures

### (a) New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38.

Annual improvements to IFRSs 2012–2014 cycle, and

Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not material to the group.

### (b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	IFRS 9 Financial Instruments
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	<p>While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.</p> <p>The other financial assets held by the group include:</p> <ul style="list-style-type: none"> <li>i) equity instruments currently classified as AFS for which a FVOCI election is available</li> <li>ii) equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under IFRS 9, and</li> <li>iii) debt instruments currently classified as held-to-maturity and measured at amortised cost which appear to meet the conditions for classification at amortised cost under IFRS 9.</li> </ul> <p>Accordingly, the group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.</p> <p>There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.</p>



<b>Title of standard</b>	<b>IFRS 9 Financial Instruments (cont'd)</b>
Mandatory application date/ Date of adoption by group	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The group does not intend to adopt IFRS 9 before its mandatory date.
<b>Title of standard</b>	<b>IFRS 15 Revenue from Contracts with Customers</b>
<b>Nature of change</b>	<p>The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
<b>Impact</b>	<p>Management is currently assessing the effects of applying the new standard on the group's financial statements and has identified the following areas that are likely to be affected:</p> <ul style="list-style-type: none"> <li>i) Accounting for the customer loyalty programme – IFRS 15 requires that the total consideration received must be allocated to the points and goods based on relative stand-alone selling prices rather than based on the residual value method; this could result in different amounts being allocated to the goods sold and delay the recognition of a portion of the revenue.</li> <li>ii) accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under IFRS 15, and</li> <li>iii) rights of return – IFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.</li> </ul> <p>At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months.</p>
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the group: 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



## 2.2 Consolidation

### (a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has control. Control exists when the group has power over the investee, is exposed to, or has rights to variable returns from its involvement with investee, and has the ability to use its power to affect the returns. Subsidiaries are accounted for at cost in the separate financial statements of Transcorp Hotels Plc. In the consolidated financial statements, subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

#### **Business combination**

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limitations, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the present ownership instrument's proportionate share of the recognised amounts of acquiree's identifiable net assets for components that are present and entitle their holders to a proportionate share of net assets in the events of liquidation. All other components of non-controlling interests are measured at fair value.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.



### **(b) Disposal of subsidiaries**

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### **(c) Common control transactions**

The Group applies predecessor values method in accounting for business combination under common control. The financial statements are prepared using predecessor book values, i.e. the book values of the net assets of the acquiree company in the consolidated accounts of Transcorp Hotels Plc before the transaction, without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to equity. This is recorded in retained earnings. No additional goodwill is created by the transaction.

## **2.3 Segment reporting**

The chief operating decision-maker has been identified as the Board of Directors of Transcorp Hotels Plc. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. Assessment of performance is based on operating profits of the operating segment that is reviewed by the Board. Other information provided to the Board is measured in a manner consistent with that of the financial statements.

The Board considers the business from an industry perspective and has identified one (1) operating segment which is the hospitality business as none of the subsidiaries consolidated qualify for segment analysis.

The hospitality business is made up of Transcorp Hotels Plc (THP) and its subsidiaries, Transcorp Hotels Calabar Limited (THC), Transcorp Hotels Ikoyi Limited and Transcorp Hotels Port Harcourt Limited.

## **2.4 Foreign currency translation**

### **(a) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which Transcorp Hotels Plc operates ('the functional currency'). The functional currency of Transcorp Hotels Plc and its subsidiaries is the Nigerian Naira. All entities in the group have the same functional currency. The financial statements are also presented in Naira.

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other (expenses)/income – net'. Translation differences related to changes in amortised cost are recognised in profit or loss.



## 2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably.

All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity.

As often as it occurs, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold buildings	2%	Plant and machinery	10%
Furniture and fittings	20%	Computer equipment	33%
Motor vehicles	25%		

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Where an indication of impairment exists, 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.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income or expense - net in the Statement of profit or loss for the period.

## 2.6 Intangible assets

### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Transcorp Hotel Plc's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.



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

The goodwill in the books arose from the purchase of Transcorp Hotels Calabar Limited which operates the Transcorp Hotel, Calabar.

For purposes of impairment testing, the entire business is treated as one cash generating unit (CGU).

#### **(b) Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development, employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives from the point at which the asset is ready for use. The estimated useful lives of the software of the group is between three to eight years.

## **2.7 Investment properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated Group, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs, in the year of acquisition. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position.

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset's carrying





amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is obtained from professional third party valuers contracted to perform valuations on behalf of the Group. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

If entity owns property that is leased to, and occupied by, another entity in the same group, the property does not qualify as investment property in consolidated financial statements that include both entities. This is because the property is owner-occupied from the perspective of the group as a whole. However, from the perspective of the individual entity that owns it, the property is investment property.

### 2.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.9 Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### 2.9.1 Classification of financial instruments

Management determine the classification of its financial instruments at initial recognition.

##### (a) Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

##### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

##### (c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:

(a) those that the group upon initial recognition designates as at fair value through profit or loss;



- (b) those that the group designates as available-for-sale; and
- (c) those that meet the definition of loans and receivables.

### **(d) Financial liabilities at amortized cost**

Financial liabilities at amortized cost consists of trade payables.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less.

## **2.9.2 Recognition and measurement**

### **(a) Loans and receivables**

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

### **(b) Held-to-maturity investments**

Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

### **(c) Financial liabilities at amortized cost**

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

## **2.10 Offsetting financial instruments**

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

## **2.11 Impairment of financial assets**

### **Assets carried at amortised cost**

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the debtor or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet



be identified with the individual financial assets in the portfolio, including:

- (i) adverse changes in the payment status of borrowers in the portfolio; and
- (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

### 2.12 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined using the weighted average method. This includes the cost of direct materials to the company's premises and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

### 2.13 Cash, cash equivalents and bank overdrafts

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### 2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.



Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

The fair values of borrowings are based on cash flows discounted using a rate based on the borrowing rate of 16% (2015: 16%). The rate used is the average interest rate obtainable from commercial banks and has been determined as a level 2 measure within the fair value hierarchy.

### **2.15 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. capitalised) until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **2.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.17 Current and deferred tax**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the



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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

### **2.18 Employee benefits**

#### **(a) Defined contribution scheme**

The group operates a defined contributory pension scheme in line with the provisions of the Pension Reform Act 2014. The employer's contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid.

#### **(b) Profit-sharing and bonus plan**

The Group operates a bonus plan where staff are remunerated based on parameters determined by the Board. Bonus payments are at the discretion of the Board and the expense is recognised as in the year it is incurred. There is no contractual obligation neither has there been a past practice to create a constructive obligation.

### **2.19 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable stated net of discounts, returns and value added taxes. The group earns revenue from the sale of goods and services.

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue and associated costs incurred or to be incurred can be measured reliably.

Revenue includes hotel, entertainment and restaurant revenues, other service fees, rental income and the invoiced value of goods and services sold less returns and allowances. Value Added Tax (VAT) and other taxes are excluded from revenue and treated as overhead expenses, as these are borne by the Company and not by its customers. VAT on all other revenue transactions is considered to be a tax collected by the Company as an agent on behalf of the revenue authorities and is excluded from revenue.



Transcorp Hilton Hotel Abuja offers a customer loyalty programme called the Hilton Honours Guest Reward Programme on behalf of the Hilton International. Under this programme, registered members earn points when they pay for rooms or services at the hotel. The group accounts for the points as a separately identifiable component of the sales transaction in which they are granted (the 'initial sale' of rooms or service). The consideration received or receivable in respect of the initial sale is allocated between the points and the sale of rooms or service with reference to the fair value of the points. Revenue is measured as the net amount retained by the hotel, i.e. the difference between the consideration allocated to the award credits and the amount payable to the Hilton International for supplying the awards.

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

## **2.20 Leases**

### **Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

### **Finance lease**

Leases of items by the group where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

## **2.21 Dividend distribution**

Dividend distribution to the shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the group's shareholders. In respect of interim dividends, these are recognised when declared by the Board of Directors.

## **2.22 Share capital**

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





### 3 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	Cash and cash equivalents, trade receivables, available-for sale debt instruments and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for available-for-sale and held-to-maturity investments.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

The group's financial risk management is carried out by a central treasury department (group treasury) under policies approved by the Board Of Directors. Group treasury identifies, evaluates and manages financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.



### 3.1 Market risk

#### (i) Foreign exchange risk

The Group and company's exposure to foreign currency risk at the end of the reporting period, expressed in the individual foreign currency units was as follows:

	31-Dec-16	31-Dec-16	31-Dec-16
Group	USD 000	GBP 000	Euro 000
Cash and cash equivalents	3,527	158	19
Trade payables	661	-	-
	31-Dec-15	31-Dec-15	31-Dec-15
Cash and cash equivalents	2,079	156	62
Trade payables	2,446	-	-
Company	USD 000	GBP 000	Euro 000
Cash and cash equivalents	3,382	158	19
Trade payables	661	-	-
	31-Dec-15	31-Dec-15	31-Dec-15
Cash and cash equivalents	2,033	156	62
Trade payables	2,446	-	-

#### Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

		Group		Company	
	Note	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
		N'000	N'000	N'000	N'000
<b>Net foreign exchange gain included in other income</b>	10	<b>279,269</b>	<b>13,418</b>	<b>279,269</b>	<b>13,418</b>

#### Sensitivity

As shown in the table above, the group is primarily exposed to changes in US Dollars/Naira exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments.

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
<b>Impact on post tax profit / (loss)</b>				
<b>US/=N= exchange-rate increase 25%</b>	<b>217,816</b>	<b>18,075</b>	<b>206,796</b>	<b>20,340</b>



## (ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with fixed interest rates. The group's borrowings at fixed rate were mainly denominated in Nigerian currency (Naira).

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates."

### 3.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

## (i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum national rating of 'A' are accepted.

There is no independent rating for customers. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The credit ratings of the investments are monitored for credit deterioration.

## (ii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

However, some guests are required to provide security deposits for credit transactions while others are granted credit on the strength of their credibility and past performances. In the case of default, unpaid balances are set off against security deposit while others are referred to debt collection agents.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

There are no credit ratings for Transcorp Hotel Plc's current assets. However, the company's cash and cash equivalents listed below are purely, bank and short-term deposits.

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Cash at bank and short-term deposits	1,814,074	14,184,829	1,757,974	13,998,377



None of the amounts receivable from related parties are past due or impaired and repayments have been received regularly and on time historically. Management has established a related entity risk management framework including pre-determined limits for extending credit to key management personnel.

(iii) Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. Other receivables are not impaired. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Individually impaired trade receivables relate to customers who had defaulted for more than 90 days where there is no evidence for recoverability of amounts owed. The Group expects that a portion of the receivables will be recovered and has recognised impairment losses of N149 million and N120 million for group and company respectively. The ageing of these receivables is as follows:

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
1 to 3 months	-	-	-	-
3 to 6 months	51,982	3,381	41,952	3,381
Over 6 months	96,538	236,345	77,912	216,353
	<b>148,520</b>	<b>239,726</b>	<b>119,864</b>	<b>219,734</b>

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	Group		Company	
	N'000	N'000	N'000	N'000
At 1 January	239,726	148,653	219,734	128,661
Additional provision recognised in the year	93,100	91,176	84,436	91,176
Receivables previously written off as uncollectible now recovered	(151,879)	-	(151,879)	-
Provision for doubtful account no longer required	(32,427)	-	(32,427)	-
Receivables written off during the year as uncollectible	-	(103)	-	(103)
<b>At 31 December</b>	<b>148,520</b>	<b>239,726</b>	<b>119,864</b>	<b>219,734</b>



	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
<b>Amounts recognised in profit or loss</b>	<b>(91,206)</b>	<b>91,073</b>	<b>(99,870)</b>	<b>91,073</b>

*(iv) Past due but not impaired*

As at 31 December 2016, trade receivables of N466 million (Company- N414 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Up to 3 months	283,497	249,964	251,735	249,964
3 to 6 months	182,628	196,833	162,167	147,224
	<b>466,124</b>	<b>446,797</b>	<b>413,902</b>	<b>397,188</b>

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Neither past due not Impaired				
Less than 3 months	<b>8,177,170</b>	<b>10,589,813</b>	<b>8,424,684</b>	<b>11,057,996</b>

### 3.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group held deposits at call of N100 million (2015–N12,917 million) that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents (note 21) on the basis of expected cash flows.

This is generally carried out at each of the respective companies of the Group in accordance with practice and limits set by the Group. These limits vary to take into account the liquidity of the market in which the entity operates.

In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

*(i) Maturities of financial liabilities*

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. For trade payables, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



Contractual maturities of financial liabilities (Group)	Less than 6 months	6 – 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows and carrying amount
<b>31-Dec-16</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Trade payables	120,639	131,515	-	-	252,154
Borrowings	-	-	16,699,870	3,988,854	20,688,724
<b>Contractual maturities of financial liabilities (Company)</b>	<b>Less than 6 months</b>	<b>6 – 12 months</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows and carrying amount</b>
<b>31-Dec-16</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Trade payables	97,639	101,625	-	-	199,264
Borrowings	-	-	16,699,870	3,988,854	20,688,724

The N16.7 billion disclosed in the time band 1 and 5 years for 2016 borrowings relates to both principal and interest on borrowings (2015: N3.2 billion).

#### 4 Capital risk management

##### (a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the following gearing ratio:

- Net debt as per note 30 divided by total 'equity' (as shown in the balance sheet, including non-controlling interests).

During 2016, the Group's strategy was to maintain a gearing ratio within 20% to 70% and a minimum B credit rating. The credit rating was unchanged and the gearing ratios at 31 December 2016 and 31 December 2015 were as follows:

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Net debt (note 30)	18,874,650	5,367,266	18,930,750	5,553,718
Total equity	52,807,313	51,752,070	53,252,671	52,559,239
<b>Net debt to equity ratio</b>	<b>36%</b>	<b>10%</b>	<b>36%</b>	<b>11%</b>



**(i) Loan covenants**

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- Maximum net debt: EBITDA of 3.0 from the Issue date to the maturity date.
- Minimum historical Debt Service Coverage Ratio ("DSCR") to be maintained at 1.2 times. The DSCR would be calculated as (Cash Flow Available for Debt Service/Total Debt - Service net of available cash and cash equivalents);
- Minimum Interest Cover to be maintained at 2.0 times. This will be calculated as the historical EBITDA/Net Interest Expenses;
- Secured indebtedness shall not exceed 50% of the Issuer's Net Asset determined on the basis of total assets less total liabilities, as stated in the Issuer's most recent consolidated financial statements.

The Group has complied with these covenants throughout the reporting period. As at 31 December 2016, the ratio of net debt to EBITDA was 3.0 times (2015: 1.22), DSCR is 1.2 times. Interest cover is 2.0 times and secured indebtedness is 39%.

**5 Recognised fair value measurements**

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial assets and liabilities into the three levels prescribed under the accounting standards.

At 31 December 2016	Notes	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Investment properties	16	-	1,751,576	-	1,751,576
<b>Total Non-financial assets</b>		<b>-</b>	<b>1,751,576</b>		<b>1,751,576</b>

At 31 December 2015	Notes	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Investment properties	16	-	1,507,000	-	1,507,000
<b>Total Non-financial assets</b>		<b>-</b>	<b>1,507,000</b>		<b>1,507,000</b>

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. The investment property was carried at cost in the prior period, being the year of acquisition.

**ii) Valuation techniques used to determine level 2 fair values**

The Group obtains independent valuations for its investment properties at least annually.

At the end of each reporting period, the directors update their assessment of the fair value of its property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:



- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 2. The key inputs under this approach are the price per square metre from current year sales of comparable lots of land in the area (location and size).

### iii) Valuation processes

The group engages external, independent and qualified valuers to determine the fair value of the group's investment properties at the end of every financial year and for other land and buildings at least every three years.

As at 31 December 2016, the fair values of the investment properties have been determined by Ubosi Eleh & Company Estate Surveyors and Valuers.

In valuing the property, the valuers assumed :

- i. That the title of the property is good and marketable;
- ii. That the property is not adversely affected by or subject to compulsory acquisition, road widening, new proposal or planning scheme;
- iii. that the property is free from all onerous charges and restrictions.

The basis of valuation is the market value that is the price, which an interest in a property might reasonably be expected to realize in a sale by private treaty assuming:

- i. a willing buyer;
- ii a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;
- iii. values will remain static throughout the period;
- iv. the property will be freely exposed to the market;
- v. no account is to be taken of an additional bid by a special purchaser;
- vi. no account is to be taken of expenses of realization, which may arise in the event of a disposal.

The investment property was carried at cost in prior period, being the year of acquisition.

The main level 2 inputs used by the group are derived and evaluated as follows:

- Leased Land – discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by Ubosi Eleh & Company Estate Surveyors and Valuers

The estimates are consistent with the valuer's experience and knowledge of market conditions.

## 6 Critical accounting estimates and judgements

### Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

#### Impairment of goodwill

The Group reviews goodwill at least annually and other non-financial assets when there is any indication that the assets might be impaired. The Group has estimated the value in use and fair value of operating segments to which goodwill is allocated using discounted cash flow models that required assumptions about future



cash flows, margins, and discount rates. See note 14 for methods and assumptions used in estimating net recoverable amount.

#### Sensitivity

If the average budgeted gross margin used in the value-in-use calculation for Transcorp Hotels Calabar Limited (CGU) had been 1% lower than management's estimates at 31 December 2016 (69% instead of 70%), the group would have had to recognise an impairment against the carrying amount of goodwill of N291.9 million.

The reasonably possible change of 1% reduction in average budgeted gross margin represents a reasonably possible reduction in sales of 2%.

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimates (20% instead of 19%), the Group would have had to recognise an impairment against investment in Transcorp Hotels Calabar Limited (THCL) of N200 million.

In the prior year there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in Investment in THCL.

7	Revenue	Group		Company	
		31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
	Rooms	9,603,013	9,060,026	9,191,439	8,747,601
	Food and beverages	4,528,631	3,560,761	4,224,574	3,310,195
	Shop rental	299,653	644,952	299,653	644,952
	Service charge	160,049	152,414	144,103	138,276
	Other operating revenue	720,533	561,171	699,784	541,980
		<b>15,311,879</b>	<b>13,979,324</b>	<b>14,559,553</b>	<b>13,383,004</b>

The group earns revenue from the sale of goods and services, mainly hotel accommodation, sale of food and beverages, entertainment and restaurant revenues, other related service fees and rental income.

All the revenue was generated in Nigeria. The group does not have any customer that accounts for more than 5% of its revenue.

8	Cost of sales	Group		Company	
		31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
	Rooms	700,589	724,199	673,446	701,218
	Food and beverages	1,687,947	1,369,720	1,549,039	1,252,193
	Other operating departments	31,446	27,542	31,446	27,542
	Staff costs	1,469,911	1,240,504	1,371,438	1,151,049
		<b>3,889,893</b>	<b>3,361,965</b>	<b>3,625,369</b>	<b>3,132,002</b>



9	Administrative expenses	Group		Company	
		31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
	Staff costs	1,237,691	1,105,152	1,175,961	1,037,739
	Depreciation	977,302	1,041,987	866,083	897,913
	Auditors remuneration	45,000	45,000	30,000	30,000
	Management and incentive fees	1,285,456	1,194,896	1,285,456	1,194,896
	Professional fees	52,554	130,021	51,041	129,961
	Directors' remuneration	136,779	93,801	133,703	91,591
	Bank charges	151,018	191,076	145,418	189,711
	Repairs and maintenance	579,377	679,914	528,941	622,222
	Energy cost	1,119,453	893,780	955,160	776,242
	Amortisation	24,390	12,491	22,327	12,163
	Insurance	167,234	184,449	167,234	175,520
	Group services and benefits	297,095	272,869	297,095	272,869
	Other operating expenses	1,249,807	97,723	1,200,045	42,666
		<b>7,323,156</b>	<b>5,943,159</b>	<b>6,858,464</b>	<b>5,473,493</b>

N2 million being tax advisory fees was paid to the auditors - PwC in the year (2015: N3.27m). This has been recorded as professional fees. The non-audit service was carried out with the consent of the audit engagement partner and these services pose no threat to PwC's independence and objectivity.

10	Other operating income-net	Group		Company	
		31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
	Profit on fixed asset disposal	3,600	16,595	3,600	16,595
	Net foreign exchange gains	279,269	13,418	279,269	13,418
	Other income	106,167	117,121	106,167	116,478
	Fair value adjustment to investment properties	171,535	(38,164)	171,535	(38,164)
		<b>560,571</b>	<b>108,970</b>	<b>560,571</b>	<b>108,327</b>

11	Finance income and cost	Group		Company	
		31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
	<b>Finance income</b>				
	Interest on bank deposits	85,572	349,411	75,483	344,929
	Interest on intercompany loan	490,013	245,387	490,013	245,387
		<b>575,585</b>	<b>594,798</b>	<b>565,496</b>	<b>590,316</b>
	<b>Finance cost</b>				
	Interest expense	4,260,455	599,793	4,260,455	599,793
	Less interest income on deposits	(181,506)	-	(181,506)	-
	Less amount capitalised	(4,078,949)	(599,793)	(4,078,949)	(599,793)
	Finance cost expensed	-	-	-	-



### Capitalised borrowing cost

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the group's specific borrowings during the year, in this case 16% (2015 – 16%).

## 12 Taxation

	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Current tax				
Income tax	1,430,114	1,770,780	1,422,654	1,764,749
Education tax	111,935	130,917	108,631	129,796
	<b>1,542,049</b>	<b>1,901,697</b>	<b>1,531,285</b>	<b>1,894,545</b>
Deferred income tax				
(Decrease) / Increase in deferred tax liabilities (note 18)	(402,467)	(21,070)	(63,091)	6,735
Total deferred tax (write back) / charge	(402,467)	(21,070)	(63,091)	6,735
<b>Income tax expense</b>	<b>1,139,582</b>	<b>1,880,627</b>	<b>1,468,194</b>	<b>1,901,280</b>

The movement in tax payable is as follows:

	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
At 1 January	2,932,574	3,092,585	2,912,972	3,081,435
	1,947	1,300	-	-
Adjustments for current tax of prior periods				
Provision for the year	1,542,049	1,901,697	1,531,285	1,894,545
Payment during the year	(3,042,659)	(2,063,008)	(3,020,026)	(2,063,008)
<b>At 31 December</b>	<b>1,433,911</b>	<b>2,932,574</b>	<b>1,424,231</b>	<b>2,912,972</b>

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2016 and 2015 is as follows:

	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
<b>Profit before tax</b>	<b>5,234,986</b>	<b>5,377,968</b>	<b>5,201,787</b>	<b>5,476,152</b>
Tax at Nigeria Corporation tax rate of 30% (2015: 30%)	1,570,496	1,613,390	1,560,536	1,642,846
Education tax	111,935	130,917	108,631	129,796
Effect of permanent difference	(284,967)	225,850	68,038	225,850
Tax effect of income not subjected to tax	(258,995)	(90,830)	(269,011)	(97,212)
Income tax under provision in prior years	-	1,300	-	-
<b>Tax charge for the year</b>	<b>1,138,469</b>	<b>1,880,627</b>	<b>1,468,194</b>	<b>1,901,280</b>



### 13 Property plant and equipment

Group	Freehold Land N'000	Leasehold Building N'000	Plant & Machinery N'000	Capital work in progress N'000	Computer Equipment & Furniture & Fittings N'000	Motor Vehicle N'000	Total N'000
<b>Cost</b>							
<b>1 January 2015</b>	31,358,513	15,451,750	2,629,862	1,535,322	2,387,878	417,325	53,780,650
Additions	3,639,500	115,451	375,898	10,938,590	257,154	149,008	15,475,601
Reclassifications	-	16,408	-	(16,844)	436	-	-
Write offs	-	13,782	520	-	(8,124)	-	6,178
Disposals	-	-	-	-	(1,151)	(92,435)	93,586
<b>31 December 2015</b>	<b>34,998,013</b>	<b>15,597,391</b>	<b>3,006,280</b>	<b>12,457,068</b>	<b>2,636,193</b>	<b>473,898</b>	<b>69,168,843</b>
<b>1 January 2016</b>	34,998,013	15,597,391	3,006,280	12,457,068	2,636,193	473,898	69,168,843
Additions	171,535	88,868	326,299	9,808,360	233,565	8,041	10,636,668
Interest cost capitalised in the year	-	-	-	4,078,949	-	-	4,078,949
Reclassifications	-	-	39,694	(146,541)	106,847	-	-
Disposals	-	-	(1,018)	-	-	(6,784)	(7,802)
<b>31 December 2016</b>	<b>35,169,548</b>	<b>15,686,259</b>	<b>3,371,255</b>	<b>26,197,836</b>	<b>2,976,605</b>	<b>475,155</b>	<b>83,876,658</b>
<b>Accumulated depreciation and impairment losses</b>							
<b>1 January 2015</b>	-	1,401,084	1,417,281	-	1,751,165	267,357	4,836,887
Charge for the year	-	364,703	410,622	-	197,471	69,191	1,041,987
Disposals	-	-	-	-	(1,151)	(92,003)	(93,154)
Write offs	-	4,853	36,791	-	(2,519)	9,859	48,984
<b>31 December 2015</b>	<b>-</b>	<b>1,770,640</b>	<b>1,864,694</b>	<b>-</b>	<b>1,944,966</b>	<b>254,404</b>	<b>5,834,704</b>
<b>1 January 2016</b>	-	1,770,640	1,864,694	-	1,944,966	254,404	5,834,704
Depreciation for the year	-	373,214	280,024	-	249,767	74,297	977,302
Disposals	-	-	(1,018)	-	-	(6,784)	(7,802)
<b>31 December 2016</b>	<b>-</b>	<b>2,143,854</b>	<b>2,143,700</b>	<b>-</b>	<b>2,194,733</b>	<b>321,917</b>	<b>6,804,204</b>
<b>Net Book value</b>							
<b>At 1 January 2016</b>	<b>34,998,013</b>	<b>13,826,751</b>	<b>1,141,586</b>	<b>12,457,068</b>	<b>691,227</b>	<b>219,494</b>	<b>63,334,139</b>
<b>At 31 December 2016</b>	<b>35,169,548</b>	<b>13,542,405</b>	<b>1,227,555</b>	<b>26,197,836</b>	<b>781,872</b>	<b>153,238</b>	<b>77,072,454</b>
<b>Company</b>							
<b>Cost</b>							
<b>1 January 2015</b>	30,872,625	14,384,576	2,217,312	1,414,487	2,117,184	406,491	51,412,675
Additions	-	17,160	360,522	7,147,495	247,890	149,008	7,922,075
Write offs	-	13,782	520	-	(8,124)	-	6,178
Reclassification	-	(436)	-	-	436	-	-
Disposals	-	-	-	-	(1,151)	(92,435)	(93,586)
<b>31 December 2015</b>	<b>30,872,625</b>	<b>14,415,082</b>	<b>2,578,354</b>	<b>8,561,982</b>	<b>2,356,235</b>	<b>463,064</b>	<b>59,247,342</b>
<b>1 January 2016</b>	30,872,625	14,415,082	2,578,354	8,561,982	2,356,235	463,064	59,247,342
Additions	-	78,691	312,556	8,236,961	233,565	-	8,861,773
Interest cost capitalised in the year	-	-	-	4,078,949	-	-	4,078,949
Reclassification	-	-	39,694	(146,541)	106,847	-	-
Disposals	-	-	(1,018)	-	-	(6,784)	(7,802)
<b>31 December 2016</b>	<b>30,872,625</b>	<b>14,493,773</b>	<b>2,929,586</b>	<b>20,731,351</b>	<b>2,696,647</b>	<b>456,280</b>	<b>72,180,262</b>
<b>Accumulated depreciation and impairment losses</b>							
<b>1 January 2015</b>	-	1,306,695	1,229,664	-	1,530,301	258,265	4,324,925
Charge for the year	-	327,108	340,828	-	161,916	68,062	897,914
Write offs	-	4,853	36,791	-	(2,519)	9,863	48,988
Disposals	-	-	-	-	(1,151)	(92,003)	(93,154)
<b>31 December 2015</b>	<b>-</b>	<b>1,638,656</b>	<b>1,607,283</b>	<b>-</b>	<b>1,688,547</b>	<b>244,187</b>	<b>5,178,673</b>
<b>1 January 2016</b>	-	1,638,656	1,607,283	-	1,688,547	244,187	5,178,673
Charge for the year	-	332,742	231,135	-	228,161	74,045	866,083
Interest cost capitalised in the year	-	-	-	-	-	-	-
Disposals	-	-	(1,018)	-	-	(6,784)	(7,802)
<b>31 December 2016</b>	<b>-</b>	<b>1,971,398</b>	<b>1,837,400</b>	<b>-</b>	<b>1,916,708</b>	<b>311,448</b>	<b>6,036,954</b>
<b>Net Book Value</b>							
<b>At 1 January 2016</b>	<b>30,872,625</b>	<b>12,776,426</b>	<b>971,071</b>	<b>8,561,982</b>	<b>667,688</b>	<b>218,877</b>	<b>54,068,669</b>
<b>At 31 December 2016</b>	<b>30,872,625</b>	<b>12,522,375</b>	<b>1,092,186</b>	<b>20,731,351</b>	<b>779,939</b>	<b>144,832</b>	<b>66,143,308</b>

None of the non-current assets have been pledged as security by the group.

Borrowing costs capitalised amounted to N4.08 billion (2015 : N599.7 million)





## 14 Intangible assets

Cost	Group		Total	Company
	Goodwill	Computer software		Computer software
	N'000	N'000	N'000	N'000
1 January 2015	1,974,756	98,182	2,072,938	86,899
Additions	-	16,242	16,242	16,242
Disposals	-	(821)	(821)	-
<b>31 December 2015</b>	<b>1,974,756</b>	<b>113,603</b>	<b>2,088,359</b>	<b>103,141</b>
Balance at 1 January 2016	1,974,756	113,603	2,088,359	103,141
Additions	-	65,206	65,206	65,206
<b>31 December 2016</b>	<b>1,974,756</b>	<b>178,809</b>	<b>2,153,565</b>	<b>168,347</b>
<b>Accumulated amortisation</b>				
1 January 2015	-	43,301	43,301	38,953
Amortisation for the year	-	12,491	12,491	12,163
<b>31 December 2015</b>	<b>-</b>	<b>55,792</b>	<b>55,792</b>	<b>51,116</b>
Balance at January 1, 2016	-	55,792	55,792	51,116
Amortisation for the year	-	24,390	24,390	22,327
<b>31 December 2016</b>	<b>-</b>	<b>80,182</b>	<b>80,182</b>	<b>73,443</b>
<b>Net Book Value</b>				
<b>1 January 2016</b>	<b>1,974,756</b>	<b>57,811</b>	<b>2,032,567</b>	<b>52,025</b>
<b>31 December 2016</b>	<b>1,974,756</b>	<b>98,627</b>	<b>2,073,383</b>	<b>94,904</b>

The Group determines at each reporting date whether there is any objective evidence that intangible assets are impaired. The remaining amortisation period for computer software cost is between 3 to 6 years. Goodwill is not amortised but tested for impairment annually.

The Group periodically evaluates its non-current assets for impairment, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The group's judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the business. Future events could cause management to conclude that impairment indicators exist.

### 14.1 Goodwill

Goodwill arose from the excess of the consideration over acquisition-date fair values of identifiable assets and liabilities of Transcorp Hotels Calabar Limited acquired. The goodwill amount relates to pre-existing goodwill from previous acquisition of Transcorp Hotels Calabar Limited. No additional goodwill was recorded during the year.

In assessing goodwill for impairment at 31 December 2016 and 2015, the company compared the aggregate recoverable amount of the assets included in the CGU to its respective carrying amounts. Recoverable amount has been determined based on the value in use of the CGUs using five year cash flow budgets approved by directors that made maximum use of observable markets for inputs and outputs. For



periods beyond the budget period, cash flows were extrapolated using growth rates that do not exceed the long-term average growth rate for the business.

Based on the results of the impairment evaluation described above, the recorded goodwill was not impaired as the recoverable amount of the subsidiary exceeded the carrying value.

The key assumptions used for the value-in-use calculations are as follows:

	31 Dec 2016	31 Dec 2015
Budgeted gross margin %	70%	74%
Terminal growth rate	3%	6%
Pre-tax discount rate	19%	17%
Recoverable amount of CGU (N'000)	3,573,610	4,055,039

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

Assumption Used	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long term inflation forecasts.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGU, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGU. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	Reflect specific risks relating to the CGU and the countries in which they operate.

Reasonably possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.



Goodwill has been allocated to the following CGU as follows:

	31 Dec 2016 N'000	31 Dec 2015 N'000
Transcorp Hotels Calabar Limited (THCL)	1,974,756	1,974,756

## 15 Investment in subsidiaries

	Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000
Transcorp Hotels Calabar Limited	3,508,621	3,508,621
Transcorp Hotels Port Harcourt Limited	20,000	20,000
Transcorp Hotels Ikoyi Limited	1,160	1,160
	<b>3,529,781</b>	<b>3,529,781</b>

Movement in investment in subsidiaries is analysed as follows:

	Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000
At beginning of year	3,529,781	3,508,621
Additions-cost	-	21,160
At end of year	<b>3,529,781</b>	<b>3,529,781</b>

The shareholders of Transcorp Hotels Ikoyi are Transcorp Hotels Plc (52%) and Heirs Holdings Limited (48%). Transcorp Hotels Port Harcourt Limited is a wholly owned subsidiary of Transcorp Hotels Plc. The company was incorporated and registered on 1 March 2014 as a private limited liability company. Non-controlling interests are not material to the Group, hence no summarised financial information has been disclosed.

## 16 Investment property

	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
At beginning of year	-	1,138,164	1,507,000	1,138,164
Additions	-	407,000	73,041	407,000
Fair value gain / (loss) on investment property	-	(38,164)	171,535	(38,164)
Transfer to property, plant and equipment	-	(1,507,000)	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>1,751,576</b>	<b>1,507,000</b>



Investment property as at 31 December 2016 relates to the 12,550.70 square Meters of land at Ikegwere Street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria.

As at 31 December 2016, the rental income from investment properties amount to N4.1 million. There are no direct operating expenses from property that generated rental income. Changes in fair values are presented in profit or loss as part of other income.

This investment property was occupied by Transcorp Hotels Port Harcourt Limited in 2016.

In line with IAS 40, this investment property has been reclassified to property, plant and equipment in the consolidated financial statement.

## 17 Borrowings

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Unsecured and non - current bond	14,571,848	16,313,564	14,571,848	16,313,564
Unsecured and current bond	6,116,876	3,238,531	6,116,876	3,238,531
<b>Total borrowings</b>	<b>20,688,724</b>	<b>19,552,095</b>	<b>20,688,724</b>	<b>19,552,095</b>

The Company issued:

- a N10 billion 7-year 16.00% fixed rate bonds made through 100% firm underwriting process wherein the Issue is offered to Qualified Institutional Investors ("QIIs") and High Net Worth Investors ("HNIs") as defined under Rule 321 of the Rules and Regulations of the Securities and Exchange Commission, and
  - a N9.758 billion subscribed 5-year 15.50% fixed rate bonds made through Book building process wherein 100% of the subscribed Issue is offered to Qualified Institutional Investors ("QIIs") and High Net Worth Investors ("HNIs") as defined under Rule 321 of the Rules and Regulations of the Securities and Exchange Commission
- See note 4a(i) for details of loan covenant.

The fair values of borrowings are based on cash flows discounted using a rate based on the borrowing rate of 16% (2015: 16%) and the rate used is the average interest rate obtainable from commercial banks.

This has been determined as a level 1 measure within the fair value hierarchy as the bond is traded on an active market.


**Use of Proceeds:**
**N10 billion 7 -year 16.00% fixed rate bonds**

Purpose	Amount (N'000)	% of Net proceeds	Estimated completion period
Upgrade and refurbishment of Transcorp Hilton Abuja	7,611,496	76%	April 2017
Construction of Multipurpose Banquet Hall in Transcorp Hilton Abuja	1,902,874	19%	December 2017
Cost of Issue	235,630	2%	Paid
Underwriting Fee	250,000	3%	Paid
	<b>10,000,000</b>	<b>100%</b>	

**N9.758 billion 5-year 15.50% fixed rate bonds**

Purpose	Amount (N'000)	% of Net proceeds	Estimated completion period
Upgrade and refurbishment of Transcorp Hilton Abuja	7,615,821	78%	April 2017
Construction of Multipurpose Banquet Hall in Transcorp Hilton Abuja	1,930,955	20%	December 2017
Cost of Issue	238,224	2%	Paid
	<b>9,785,000</b>	<b>100%</b>	



# 18 Deferred tax

## Movements

Group	Property, plant and equipment N'000	Tax losses and provisions N'000	Others N'000	Total N'000
At 1 January 2015	7,604,469	(123,540)	22,927	7,503,856
(Credited) / charged to profit or loss	(151,137)	130,067	-	(21,070)
<b>At 31 December 2015</b>	<b>7,453,332</b>	<b>6,527</b>	<b>22,927</b>	<b>7,482,786</b>
At 1 January 2016	7,453,332	6,527	22,927	7,482,786
Credited to profit or loss	(362,812)	(39,655)	-	(402,467)
<b>At 31 December 2016</b>	<b>7,090,520</b>	<b>(33,128)</b>	<b>22,927</b>	<b>7,080,319</b>

Company	Property, plant and equipment N'000	Tax losses and provisions N'000	Others N'000	Total N'000
At 1 January 2015	7,338,694	(123,540)	-	7,215,154
(Credited) / charged to profit or loss	(107,915)	114,650	-	6,735
<b>At 31 December 2015</b>	<b>7,230,779</b>	<b>(8,890)</b>	<b>-</b>	<b>7,221,889</b>
At 1 January 2016	7,230,779	(8,890)	-	7,221,889
Credited to profit or loss	(63,091)	-	-	(63,091)
<b>At 31 December 2016</b>	<b>7,167,688</b>	<b>(8,890)</b>	<b>-</b>	<b>7,158,798</b>

Temporary differences is attributable to:

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Property, plant and equipment	(362,812)	(151,137)	(63,091)	(107,915)
Tax losses and provisions	(39,655)	130,067	-	114,650
<b>Total deferred tax liabilities</b>	<b>(402,467)</b>	<b>(21,070)</b>	<b>(63,091)</b>	<b>6,735</b>





## 19 Inventories

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Food and beverage	215,486	147,931	187,298	129,215
Fuel	56,075	36,824	56,075	36,824
Engineering spares	366,761	431,646	361,805	425,281
Guest supplies	117,170	104,676	108,072	96,531
	<b>755,492</b>	<b>721,077</b>	<b>713,250</b>	<b>687,851</b>
Less impairment	(29,635)	(29,635)	(29,635)	(29,635)
	<b>725,857</b>	<b>691,442</b>	<b>683,615</b>	<b>658,216</b>

The costs of individual items of inventory are determined using weighted average costs.

Inventories recognised as an expense during the year ended 31 December 2016 amounted to N1.68 billion and N1.54 billion for group and company respectively (2015 – N1.44 billion Company - N1.31 billion). These were included in cost of sales.

There was no write-down of inventories to net realisable value during the year (2015: nil).

## 20 Trade and other receivables

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Trade receivables	977,289	1,390,299	867,798	1,313,693
Less: Provision for impairment of trade receivables	(148,520)	(239,726)	(119,864)	(219,734)
	<b>828,769</b>	<b>1,150,573</b>	<b>747,934</b>	<b>1,093,959</b>
Receivables from related parties (note 24.1)	7,001,538	9,131,486	7,300,113	9,653,654
Other receivables	812,987	754,551	790,539	707,571
Prepayments	435,451	61,443	426,731	55,673
	<b>9,078,745</b>	<b>11,098,053</b>	<b>9,265,317</b>	<b>11,510,857</b>

### Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. All other receivables are due and payable within one year from the end of the reporting period.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

**21 Cash and bank balances**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Cash in hand	10,077	9,770	9,494	9,770
Cash in bank	1,803,997	14,175,059	1,748,480	13,988,607
	<b>1,814,074</b>	<b>14,184,829</b>	<b>1,757,974</b>	<b>13,998,377</b>

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

<b>Cash and bank balances</b>	<b>1,814,074</b>	<b>14,184,829</b>	<b>1,757,974</b>	<b>13,998,377</b>
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**22 Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Trade payables	252,154	311,808	199,264	283,699
VAT payable	102,206	73,585	55,618	73,585
Accrued liabilities	2,044,611	2,613,572	1,964,749	2,460,574
Dividend payable	3,040,161	3,105,101	3,040,161	3,105,101
Due to related parties (Note 22.1)	15,696	79,014	21,160	84,942
Deposits from guests	126,573	123,244	126,573	123,244
WHT Payable	328,665	364,640	316,301	364,640
Unearned income	41,100	147,461	41,100	147,461
<b>Total</b>	<b>5,951,166</b>	<b>6,818,425</b>	<b>5,764,926</b>	<b>6,643,246</b>

**22.1 Intercompany payable**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Transnational Corporation of Nigeria Plc (Parent)	15,696	79,014	-	63,782
Transcorp Hotels Port Harcourt Limited	-	-	20,000	20,000
Transcorp Hotels Ikoyi Limited	-	-	1,160	1,160
	<b>15,696</b>	<b>79,014</b>	<b>21,160</b>	<b>84,942</b>

**22.2 Deposit for shares**

Based on the Memorandum of Understanding between Transcorp Hotels Plc and Heirs Holdings Limited, THIL will issue shares to Heirs Holdings Limited on completion of the construction and start of operation of the hotel.

Deposit for shares relates to Heirs Holding Nigeria Limited's contribution to the development of Transcorp Hotels Ikoyi Limited (THIL).



## 23 Financial Instruments and fair values

### Measurement Categories

The following table shows the carrying values of financial assets and liabilities for each of these categories at 31 December 2016 and 31 December 2015.

<b>Group</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>N'000</b>	<b>N'000</b>
<b>Financial Assets</b>	<b>Loans and receivables</b>	<b>Loans and receivables</b>
Trade and other receivables	9,078,745	11,098,953
Cash and cash equivalents	1,814,074	14,184,829
	<b>10,892,819</b>	<b>25,283,782</b>
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>N'000</b>	<b>N'000</b>
<b>Financial Liabilities</b>	<b>Other financial liabilities</b>	<b>Other financial liabilities</b>
Trade payables and other liabilities	5,935,470	6,739,411
Intercompany payables	15,696	79,014
Borrowings	20,688,724	19,552,095
	<b>26,639,890</b>	<b>26,370,520</b>
<b>Company</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>N'000</b>	<b>N'000</b>
<b>Financial Assets</b>	<b>Loans and receivables</b>	<b>Loans and receivables</b>
Trade and other receivables	9,265,317	11,510,857
Cash and cash equivalents	1,757,974	13,998,377
	<b>11,023,291</b>	<b>25,509,234</b>
<b>Financial Liabilities</b>	<b>Other financial liabilities at amortised cost</b>	<b>Other financial liabilities at amortised cost</b>
Trade payables	199,264	283,699
Intercompany payables	21,160	849,42
Borrowings	20,688,724	19,552,095
	<b>20,909,148</b>	<b>19,920,736</b>



## 24 Related parties

The parent company of the company is Transnational Corporation of Nigeria Plc. The company is owned by Nigerian citizens.

A number of transactions are entered into with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

Sales to :	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Transnational Corporation of Nigeria Plc (Holding Company)	8,772	13,746	8,772	13,746
Transcorp Power Plc ( Related Party)	3,973	-	3,973	-
Heirs Holdings (Related Party)	6,507	6,957	6,507	6,957
Avon Healthcare Limited (Related Party)	-	4,800	-	4,800

Year-end balances arising from sales/purchases of goods and services.

### 24.1 Receivables from related parties

	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
<b>Parent and Holding Company</b>				
Transnational Corporation Nigeria Plc	5,396,171	7,186,548	5,396,171	7,186,548
Heirs Holding Limited	40,944	60,022	40,944	60,022
	5,437,115	7,246,570	5,437,115	7,246,570
<b>Subsidiary and fellow subsidiaries</b>				
Transcorp Hotel Calabar	-	-	294,085	517,677
Transcorp Power Limited	1,547,878	1,861,450	1,547,234	1,861,450
Teragro Commodities Limited	69	6,241	-	6,241
Transcorp Hotels Port Harcourt Limited	-	-	4,491	4,491
Transcorp Energy Limited	-	-	-	-
Due from Transcorp OPL 281 Limited	17,279	17,225	17,189	17,225
<b>Closing balance</b>	<b>7,002,340</b>	<b>9,131,486</b>	<b>7,300,114</b>	<b>9,653,654</b>

Included in receivables from related parties are loans to related parties disclosed in note 24.3 below.



## 24.2 Long term intercompany receivables

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Opening balance	-	-	3,564,516	1,616,010
<b>Additions</b>				
Transcorp Hotels Port Harcourt Limited	-	-	60,388	380,627
Transcorp Hotels Ikoyi Limited	-	-	1,437,971	1,567,879
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>5,062,875</b>	<b>3,564,516</b>

Long term Intercompany receivables relates to total amount incurred on on-going projects at Transcorp Hotels Port Harcourt and Transcorp Hotels Ikoyi Limited.

For group purposes, long term receivables has been represented as capital work in progress under property, plant and equipment.

## 24.3 Loans to related parties

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
<b>Beginning of the year</b>				
Transnational Corporation Nigeria Plc	4,208,541	2,512,040	4,208,541	2,512,040
Transcorp Power Limited	1,860,048	1,710,000	1,860,048	1,710,000
<b>Loan advanced</b>				
Transnational Corporation Nigeria Plc	650,000	3,600,000	650,000	3,600,000
Transcorp Power Limited	500,000	2,150,000	500,000	2,150,000
<b>Loan repayments</b>				
Transnational company of Nigeria	(2,332,408)	(1,992,552)	(2,332,408)	(1,992,552)
Transcorp Power Limited	(1,000,000)	(2,156,286)	(1,000,000)	(2,156,286)
<b>Interest received</b>				
Transnational company of Nigeria	303,746	89,053	303,746	89,053
Transcorp Power Limited	186,267	156,334	186,267	156,334
<b>End of the year</b>	<b>4,376,194</b>	<b>6,068,589</b>	<b>4,376,194</b>	<b>6,068,589</b>

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of receivables due from related parties. Loans to related parties are included in "Intercompany Receivables".

The company granted loans to key management personnel during the year. Total outstanding loan of N12,049,967 as at 31 December 2016 are generally for periods of 2 years repayable in monthly instalments at interest rates at 5% per annum. These loans are being deducted from their salaries on a monthly basis. Loans to key management personnel are unsecured.

Management services were bought from the parent entity (Transnational Corporation of Nigeria) as stipulated in the management service agreement at a minimum of 5% of profit before tax or N350,000,000 (2015: N286,045,000).



In the year, the Board agreed that management service agreement will be the higher of N350 million or 5% profit before tax.

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. The average interest rate on the other loans during the year was 12% (2015 – 14%).

Outstanding balances are unsecured and are repayable in cash or netted off receivables from the group.

## 25 Staff numbers and costs

The table below shows the number of employees (excluding directors), who earned over N240,000 as emoluments in the year and were within the bands stated.

Staff Numbers per grade	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Managerial	43	34	35	34
Senior staff	170	147	148	138
Others	1,542	1,641	1,404	1,451
	<b>1,755</b>	<b>1,822</b>	<b>1,587</b>	<b>1,623</b>
N240,00- N500,000	894	909	769	724
N500,001-N1,000,000	661	689	632	689
N1,000,001-N2,000,000	151	163	146	149
N2,000,001-N4,000,000	23	30	18	30
N4,000,000- N5,000,000	26	31	22	31
	<b>1,755</b>	<b>1,822</b>	<b>1,587</b>	<b>1,623</b>

Staff costs for the above persons (excluding Directors):

	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Salaries and wages	2,523,666	2,175,749	2,368,749	2,022,881
Pension cost	183,936	169,907	178,650	165,907
	<b>2,707,602</b>	<b>2,345,656</b>	<b>2,547,399</b>	<b>2,188,788</b>
Analysis of staff costs:				
Cost of sales	1,469,911	1,240,504	1,371,438	1,151,049
Administrative and general expenses	1,237,691	1,105,152	1,175,961	1,037,739
	<b>2,707,602</b>	<b>2,345,656</b>	<b>2,547,399</b>	<b>2,188,788</b>

### Emoluments of directors

The remuneration paid to the Directors of the Company was:

	Group		Company	
	31 Dec 2016 N'000	31 Dec 2015 N'000	31 Dec 2016 N'000	31 Dec 2015 N'000
Salaries	93,532	93,532	93,532	93,532
Fees	133,753	93,801	133,703	91,591
	<b>227,285</b>	<b>187,333</b>	<b>227,235</b>	<b>185,123</b>

Amount paid to the highest paid director (excluding pension contributions)

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Chairman's emoluments	23,388	19,291	22,538	19,291
Fees	-	-	-	-
Others	-	-	-	-
	<b>23,388</b>	<b>19,291</b>	<b>22,538</b>	<b>19,291</b>





The number of directors of the company (including the highest paid director) whose remuneration, excluding pension contributions, in respect of services to the company is within the following range:

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	Number	Number	Number	Number
Less than N10,000,000	3	7	2	7
Over N10,000,000	9	2	9	2
	<b>12</b>	<b>9</b>	<b>11</b>	<b>9</b>

## 26 Key management compensation

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Salaries and other short-term employee benefits	88,662	88,662	88,662	88,662
Defined contributions	4,870	3,429	4,870	3,429
	<b>93,532</b>	<b>92,091</b>	<b>93,532</b>	<b>92,091</b>

## 27 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit after taxation by the weighted average number of ordinary shares outstanding during the year. The adjusted EPS is calculated using the weighted average number of shares in issue at reporting date.

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Profit attributable to owners (N)	4,095,404,000	3,497,341,000	3,733,593,000	3,574,872,000
Weighted average number of ordinary shares in issue	7,600,403,900	7,600,403,900	7,600,403,900	7,600,403,900
Basic Earnings per share (Kobo)	<b>54</b>	<b>46</b>	<b>49</b>	<b>47</b>
Diluted Earnings per share (Kobo)	<b>54</b>	<b>46</b>	<b>49</b>	<b>47</b>



## 28 Share capital

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
<b>Authorised:</b>				
15,000,000,000 ordinary shares of 50k each	15,000,000	15,000,000	15,000,000	15,000,000
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
<b>Issued, called up and fully paid</b>				
7,600,403,900 ordinary shares of 50k each	3,800,202	3,800,202	3,800,202	3,800,202
<b>Share premium</b>	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
At 1 January	4,034,411	4,034,411	4,034,411	4,034,411
At 31 December	4,034,411	4,034,411	4,034,411	4,034,411

## 29 Cash generated from operating activities

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
<b>Operating profit</b>	4,659,401	4,783,170	4,636,291	4,885,836
<b>Adjustment for non cash items</b>				
Depreciation of fixed assets	977,302	1,041,987	866,083	897,914
Amortisation of intangible assets	24,390	12,491	22,327	12,163
Fixed asset impairment and write off	-	43,242	-	43,242
Intangible assets impairment and write -off	-	-	-	-
Fair value difference - Investment property	(171,535)	38,164	(171,535)	38,164
Profit on disposal of property plant and equipment	(3,600)	(16,595)	(3,600)	(16,595)
<b>Other adjustments to reconcile expenses for the year to cash from operating activities</b>				
Decrease in debtors and prepayment	2,108,421	2,368,011	2,104,303	1,136,100
(Increase) / decrease in inventory	(34,415)	128,843	(25,399)	120,884
Increase / (decrease) in payables and accrued expenses	454,136	(749,863)	(816,189)	(736,091)
Increase in deposit for shares	-	2,410,000	-	-
<b>Net cash generated from operations</b>	<b>8,014,100</b>	<b>10,059,450</b>	<b>6,612,281</b>	<b>6,381,617</b>

**30 Net debt reconciliation**

Analysis of net debt and the movements in net debt for each of the periods presented.

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Borrowings – repayable within one year	6,116,876	3,238,531	6,116,876	3,238,531
Borrowings – repayable after one year	14,571,848	16,313,564	14,571,848	16,313,564
Cash and cash equivalents	(1,814,074)	(14,184,829)	(1,757,974)	(13,998,377)
<b>Net debt</b>	<b>18,874,650</b>	<b>5,367,266</b>	<b>18,930,750</b>	<b>5,553,718</b>
Gross debt – fixed interest rates	20,688,724	19,552,095	20,688,724	19,552,095
Cash and liquid investments	(1,814,074)	(14,184,829)	(1,757,974)	(13,998,377)
<b>Net debt (See note 4)</b>	<b>18,874,650</b>	<b>5,367,266</b>	<b>18,930,750</b>	<b>5,553,718</b>

**31 Capital commitments**

The Group has committed capital expenditure up to N7.58 billion (2015: N13.3 billion) for hotel expansion and upgrade.

**32 Contingent liabilities**

The Group is involved in some legal action in the ordinary course of the business. Based on the advice from the Group's legal counsel, the directors are of the opinion that the group has good defence against the claims and no material loss is anticipated.

**33 Dividend per Share**

An interim dividend in respect of the year ended 31 December 2016 of 40k per share amounting to a total dividend of N3,040,161,560 was proposed at the 56th meeting of the Board of Directors of Transcorp Hotels Plc held on 16 December 2016.

**34 Subsequent events**

No subsequent events after the balance sheet date came to the notice of the directors, which would materially affect the position shown by the financial statements on the balance sheet date.

# VALUE-ADDED STATEMENT



	Group				Company			
	2016		2015		2016		2015	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	15,311,879		13,979,324		14,559,553		13,383,004	
Other income	1,136,156		703,768		1,126,067		698,643	
	<u>16,448,035</u>		<u>14,683,092</u>		<u>15,685,620</u>		<u>14,081,647</u>	
Bought in services								
- Foreign	(2,692,790)		(1,687,428)		(2,418,114)		(1,448,215)	
- Local	(1,795,194)		(1,124,952)		(1,612,076)		(965,477)	
	<u>(4,487,984)</u>		<u>(2,812,380)</u>		<u>(4,030,190)</u>		<u>(2,413,692)</u>	
Value-added	<u>11,960,051</u>	100%	<u>11,870,712</u>	100%	<u>11,655,430</u>	100%	<u>11,667,955</u>	100%
Distribution								
<b>Employees</b>								
Salaries and benefits	2,707,602	23%	2,345,656	20%	2,547,399	22%	2,188,788	19%
<b>Provider of funds</b>								
Dividend	3,040,161	25%	3,105,101	26%	3,040,161	26%	3,105,101	26%
<b>Government</b>								
Taxation	1,139,582	10%	1,880,627	16%	1,468,194	13%	1,901,280	16%
<b>The Future</b>								
Depreciation	977,302	8%	1,041,987	9%	866,083	6%	897,914	8%
Retained profit	4,095,404	34%	3,497,341	30%	3,733,593	32%	3,574,872	31%
	<u>11,960,051</u>	100%	<u>11,870,712</u>	100%	<u>11,655,430</u>	100%	<u>11,667,955</u>	100%

# 5-YEAR SUMMARY



## The Group

	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
<b>Balance sheet</b>					
Non-current asset	79,145,837	65,366,706	53,727,574	49,604,610	50,470,194
Current asset	11,618,676	25,974,324	15,896,273	16,985,474	11,264,473
Current liabilities	(13,501,953)	(12,989,530)	(10,367,921)	(15,477,800)	(10,112,811)
Non-current liabilities	(24,062,167)	(26,206,350)	(7,503,856)	(7,598,293)	(8,317,170)
Net assets	53,200,393	52,145,150	51,752,070	43,513,991	43,304,686
<b>Capital and reserves</b>					
Share capital	3,800,202	3,800,202	3,800,202	5,000	5,000
Share premium	4,034,411	4,034,411	4,034,411	-	-
Revenue reserves	45,364,940	44,309,697	43,917,457	43,508,991	43,299,686
Non-controlling interest	840	840	-	-	-
	53,200,393	52,145,150	51,752,070	43,513,991	43,304,686
<b>Comprehensive income</b>					
Revenue	15,311,879	13,979,324	15,104,796	15,384,722	13,258,127
Profit before taxation	5,234,986	5,377,968	4,540,000	6,122,054	4,049,543
Taxation	(1,139,582)	(1,880,627)	(1,319,385)	(1,712,749)	(1,139,749)
Profit after taxation	4,095,404	3,497,341	3,220,615	4,409,305	2,909,794
Other comprehensive income for the year, net of tax	-	-	-	-	180,919
Total comprehensive income for the year, net of tax	4,095,404	3,497,341	3,220,615	4,409,305	3,090,713
Basic earnings per share (kobo)	54	46	59	88.186	58.196

## Company

<b>Balance sheet</b>					
Non-current asset	76,582,444	62,721,991	53,398,491	48,046,797	48,867,133
Current asset	11,706,906	26,167,450	16,073,951	18,343,977	12,610,725
Current liabilities	(13,306,033)	(12,794,749)	(10,167,820)	(15,362,959)	(10,166,454)
Non-current liabilities	(21,730,646)	(23,535,453)	(7,215,154)	(7,286,101)	(7,817,487)
	53,252,671	52,559,239	52,089,468	43,741,714	43,493,917
<b>Capital and reserves</b>					
Share capital	3,800,202	3,800,202	3,800,202	5,000	5,000
Share premium	4,034,411	4,034,411	4,034,411	-	-
Revenue reserves	45,418,058	44,724,626	44,254,855	43,736,714	43,488,917
	53,252,671	52,559,239	52,089,468	43,741,714	43,493,917
<b>Comprehensive income</b>					
Revenue	14,559,553	13,383,004	14,486,575	14,768,454	12,755,193
Profit before taxation	5,201,787	5,476,152	4,645,971	6,163,838	4,250,106
Taxation	(1,468,194)	(1,901,280)	(1,315,681)	(1,716,041)	(1,151,081)
Profit after taxation	3,733,593	3,574,872	3,330,290	4,447,797	3,099,025

# NOTICE OF ANNUAL GENERAL MEETING OF TRANSCORP HOTELS PLC



**NOTICE IS HEREBY GIVEN** that the third Annual General Meeting of Transcorp Hotels Plc ("Company") will hold at Lagos/Osun Hall, Transcorp Hilton Abuja, No. 1, Aguiyi Ironsi Street, Maitama, Abuja, FCT, on **Wednesday, March 15, 2017** at 10.00 a.m. to transact the following businesses:

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> December, 2016 and the Report of the Directors, Audit Committee and Auditors thereon
2. To declare a Dividend
3. To approve the appointment of Directors
4. To re-elect retiring Directors
5. To authorize the Directors to determine the remuneration of the Auditors
6. To elect/re-elect members of the Statutory Audit Committee

## SPECIAL BUSINESS

7. To fix the remuneration of Directors

Dated this 21<sup>st</sup> day of February, 2017

## BY ORDER OF THE BOARD

**Mrs. Helen Iwuchukwu**  
**COMPANY SECRETARY**  
FRC/2015/NBA/00000012716

## NOTES

### 1. PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. For the appointment of the proxy to be valid, a proxy need not be a member of the Company. A proxy form must be completed and deposited at the office of the Company's Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos, not later than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.

### 2. NOMINATION OF MEMBERS OF THE AUDIT COMMITTEE

Pursuant to Section 359(5) of the Companies & Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004 any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination. Such notice shall reach the Company Secretary at least 21 days before the Annual General Meeting. The Securities & Exchange Commissions Code of Corporate Governance for Public Companies provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

### 3. DIVIDEND

If the dividend recommended by the Directors is approved by the shareholders at the Annual General Meeting, dividend will be paid by Thursday, March 16, 2017 to the shareholders whose names appear in the Company's Register of Members at the close of business on Tuesday March 7, 2017.





**4. CLOSURE OF REGISTER**

The Register of Members and Transfer Books will be closed from Wednesday, March 8, 2017 for the purpose of updating the Register of Members.

**5. E-DIVIDEND**

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend. Detachable application forms for e-dividend are attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrar as soon as possible.

**6. E- REPORT**

In order to improve delivery of our Annual Report, we have inserted a detachable form to the Annual Report and hereby request shareholders to complete and return the form to the Registrars for further processing. In addition, the electronic version of the Annual Report for 2016 is available online for viewing and download from our website; [www.transcorphotelsplc.com](http://www.transcorphotelsplc.com)

**7. RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS**

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before Tuesday, the 14th day of March, 2017.

## PROXY FORM

### THIRD ANNUAL GENERAL MEETING OF TRANSCORP HOTELS PLC TO BE HELD ON WEDNESDAY, MARCH 15, 2017 AT LAGOS/OSUN HALL, TRANSCORP HILTON ABUJA, 1 AGUIYI-IRONSI STREET, MAITAMA, FCT ABUJA AT 10.00 AM

I/WE	RESOLUTIONS	FOR	AGAINST
<p>_____</p> <p>being a member/members of TRANSCORP HOTELS PLC, hereby appoint:</p> <p>_____</p> <p>_____ or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Second Annual General Meeting of the Company to be held on and at any adjournment thereof.</p> <p>A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.</p> <p>Please sign this proxy form and forward it, so as to reach the registered office of the Registrar, Africa Prudential Registrars Plc (Formerly UBA Registrars), 220B Ikorodu Road, Palmgrove, Lagos, not later than 48 hours before the time fixed for the meeting. If executed by a Corporation, the Proxy Form must be under its common seal or under the hand of a duly authorized officer or attorney.</p> <p>It is a requirement of the law under the Stamp Duties Act, Cap S8, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be stamped by the Commissioner for Stamp Duties.</p> <p>The Proxy must produce the Admission Card below to gain entrance into the Meeting.</p>	<p>1. To receive the Audited Financial Statements for the year ended December 31, 2016, together with the Report of the Directors, Auditors and Audit Committee thereon.</p> <p>2. To approve a dividend of N0.40 kobo per share.</p> <p>3. To approve the appointment of Dr. Bakari Wadinga as a Director of the Company.</p> <p>4. To approve the appointment of Hajia. Saratu Umar as a Director of the Company.</p> <p>5. To re-elect Mr. Emmanuel Nnorom a Non-executive Director of the Company.</p> <p>6. To re-elect Mr. Peter Elumelu a Non-executive Director of the Company.</p> <p>7. To authorize Directors to fix the remuneration of the Auditors.</p> <p>8. To elect/re-elect members of the Audit Committee.</p> <p>9. To fix the remuneration of Directors.</p>		

TRANSCORP HOTELS PLC  
Third Annual General Meeting

#### ADMISSION CARD

Please admit the Shareholder named on this Card or his duly appointed proxy to the Annual General Meeting of the Company to be held on **March 15, 2017 at Lagos/Osun hall, Floor 01, Transcorp Hilton Abuja, 1 Aguiyi-Ironsi Street, Maitama, FCT Abuja.**

This admission card must be produced by the Shareholder in order to gain entrance into the Annual General Meeting.

Name of Shareholder

Address of Shareholder

Number of Shares Held

Signature

# SHAREHOLDERS E-SERVICE APPLICATION FORM

Dear esteemed shareholder,

The E-shareholder data form below has been attached to this report for your use. Kindly fill in your details and return to the Registrar. This will enable us to have your current information in our database.

Africa Prudential Registrars Plc



## SHAREHOLDER E-SERVICE APPLICATION FORM

(\* = Compulsory fields)

1. \*SURNAME/COMPANY NAME:

2. \*FIRST NAME:

3. OTHER NAME:

4. SPOUSE' NAME:

5. \*MOTHER'S MAIDEN NAME:

6. \*E-MAIL:

7. ALTERNATE E-MAIL:

8. \*MOBILE No.:  9. SEX: MALE ☐ FEMALE ☐

10. PHONE No. (HOME):

11. \*POSTAL ADDRESS:

12. \*CSCS CLEARING HOUSE No.:

13. NAME OF STOCKBROKER:  14. OCCUPATION:

15. NATIONALITY:

16. NEXT OF KIN:

Please tick against the company(ies) where you have shareholding

CLIENTELE	
1. AFRICA PRUDENTIAL REGISTRARS PLC	<input type="checkbox"/>
2. ABBEY BUILDING SOCIETY PLC	<input type="checkbox"/>
3. AFRILAND PROPERTIES PLC	<input type="checkbox"/>
4. A & G INSURANCE PLC	<input type="checkbox"/>
5. ARM PROPERTIES PLC	<input type="checkbox"/>
6. A.R.M LIFE PLC	<input type="checkbox"/>
7. ADAMAWA STATE GOVERNMENT BOND	<input type="checkbox"/>
8. BECO PETROLEUM PRODUCTS PLC	<input type="checkbox"/>
9. BUA GROUP	<input type="checkbox"/>
10. BENUE STATE GOVERNMENT BOND	<input type="checkbox"/>
11. CAP PLC	<input type="checkbox"/>
12. CAPP AND D'ALBERTO PLC	<input type="checkbox"/>
13. CEMENT COY OF NORTHERN NIG. PLC	<input type="checkbox"/>
14. CSCS PLC	<input type="checkbox"/>
15. CHAMPION BREWERIES PLC	<input type="checkbox"/>
16. COMPUTER WAREHOUSE GROUP	<input type="checkbox"/>
17. EBONYI STATE GOVERNMENT BOND	<input type="checkbox"/>
18. GOLDEN CAPITAL PLC	<input type="checkbox"/>
19. INFINITY TRUST SAVINGS & LOANS	<input type="checkbox"/>
20. INTERNATIONAL BREWERIES PLC	<input type="checkbox"/>
21. INVESTMENT & ALLIED ASSURANCE PLC	<input type="checkbox"/>
22. JAIZ BANK PLC	<input type="checkbox"/>
23. KEBBI STATE GOVERNMENT BOND	<input type="checkbox"/>
24. NEM INSURANCE PLC	<input type="checkbox"/>
25. NEXANS KABLEMETAL NIG. PLC	<input type="checkbox"/>
26. OMOLUABI SAVINGS AND LOANS PLC	<input type="checkbox"/>
27. PERSONAL TRUST & SAVINGS LTD	<input type="checkbox"/>
28. PS MANDRIDES PLC	<input type="checkbox"/>
29. PORTLAND PAINTS & PRODUCTS NIG. PLC	<input type="checkbox"/>
30. PREMIER BREWERIES PLC	<input type="checkbox"/>
31. RESORT SAVINGS & LOANS PLC	<input type="checkbox"/>
32. ROADS NIGERIA PLC	<input type="checkbox"/>
33. SCOA NIGERIA PLC	<input type="checkbox"/>
34. TRANSCORP PLC	<input type="checkbox"/>
35. TOWER BOND	<input type="checkbox"/>
36. THE LA CASERA CORPORATE BOND	<input type="checkbox"/>
37. UAC OF NIG. PLC	<input type="checkbox"/>
38. UBA BALANCED FUND	<input type="checkbox"/>
39. UBA BOND FUND	<input type="checkbox"/>
40. UBA CAPITAL PLC	<input type="checkbox"/>
41. UBA EQUITY FUND	<input type="checkbox"/>
42. UBA MONEY MARKET FUND	<input type="checkbox"/>
43. UNITED BANK FOR AFRICA PLC	<input type="checkbox"/>
44. UNIC INSURANCE	<input type="checkbox"/>
45. UPDC	<input type="checkbox"/>
46. UTC NIGERIA PLC	<input type="checkbox"/>
47. WEST AFRICAN GLASS IND PLC	<input type="checkbox"/>

### E-SHARE REGISTRATION ACTIVATION MANDATE (Please tick the box below ☒)

Please take this as authority to activate my account(s) on your 3iOP e-Share Registration Portal where I will be able to view and manage my investment portfolio online with ease. ☐

### BANK DETAILS FOR E-DIVIDEND MANDATE

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s)/lost/misplaced/stale/unclaimed dividend warrants due on my/our shareholding in the aforementioned company(ies).

17. \*ACCOUNT NAME:

18. \*BANK ACCOUNT NUMBER:  Must be NUBAN

19. \*BANK:

20. \*AGE OF ACCOUNT:  Must be confirmed by the bank

\*BANK'S AUTHORISED SIGNATURE & STAMP

### DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature: \_\_\_\_\_

Signature : \_\_\_\_\_  
for joint/corporate accounts only

OTHERS: \_\_\_\_\_

LAGOS : 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 01-4606460 | ABUJA : 11, Lafia Close, Area 8, Garki, Abuja. Tel: 09-2900873  
PORT-HARCOURT : Plot 137, Oluobasanjo Road, (2nd floor), Port Harcourt, Rivers State. Tel: 084-303457  
E-MAIL: info@aficaprudentialregistrars.com | WEBSITE: www.aficaprudentialregistrars.com

Africa Prudential Registrars





