transcorp Hotels

RC 248514

ANNUAL REPORT

For the year ended 31 December 2014

Redefining and extending hospitality beyond borders

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ABOUT TRANSCORP HOTELS PLC

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 with Nigeria, creating a strong footprint in high population cities across the West Africa region. With an award-winning property in Abuja; the Transcorp Hilton Hotel 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.

CORE VALUES - H.E.I.R.S

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

OUR BUSINESSES

Transcorp Hilton Abuja

Transcorp Hilton Abuja is situated in the heart of Nigeria's Federal Capital Territory, a 40-minute drive from the Nnamdi Azikiwe International Airport, Abuja. It is a 670–room, 5-star hotel that provides luxury accommodation, exotic cuisine, fully equipped meeting rooms and leisure facilities to 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 effective leadership, the Transcorp Hilton Abuja was named the best Hilton Hotel in Africa, Middle East and Asia for the year 2010. The hotel was also named the winner of Hilton Worldwide Prize for the 2012 GC& E (Group Conference and Events) Sales Team of the year for the Middle East and Africa regions. In 2013, we won the prestigious World Travels Award as Nigeria's Leading Hotel. In 2014, the hotel repeated this feat by again winning the award of Nigeria's Leading Hotel and additionally, Nigeria's Leading Meetings, Incentives, Conventions and Exhibitions (MICE) Hotel 2014, both awarded by the World Travel Awards (known as the "Oscars" of Travel Awards).

Transcorp Hotels, Calabar

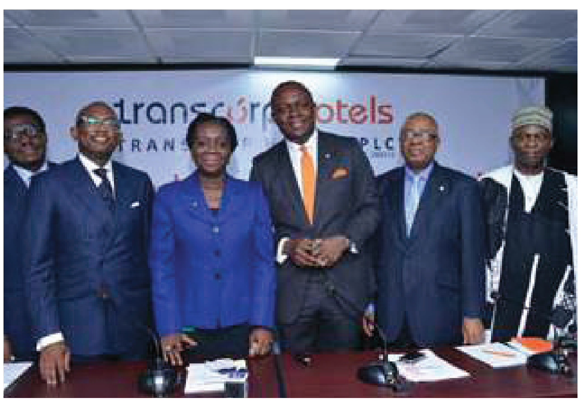
The 146-room Transcorp Hotels, Calabar, is a premier destination hotel in Calabar, Cross River State, which is fast becoming the destination stop for vacations and conferences in Nigeria. The hotel is located in the heart of Calabar and is a well-known landmark for both locals and visitors. It is the perfect meeting ground for business and pleasure. Transcorp Hotels, Calabar, also provides outstanding conferencing facilities: fine dining, 24-hour room service, a fitness centre, complimentary airport pick up, complimentary Wi-Fi connection in all guest rooms and guest discounts with local merchants. Transcorp continues to develop strategies in the medium and long term that will consistently position the hotel as a key player in the hospitality industry.

Transcorp Hilton Ikoyi Limited

Building on its successful years of partnership, Transcorp has executed a Management Agreement with the Hilton Worldwide for the development of a 300-room five-star Transcorp Hilton in Ikoyi Lagos. The proposed Transcorp Hilton Lagos will be the Hilton Group's second hotel in Nigeria by Transcorp, following the award-winning Transcorp Hilton Hotel Abuja, which is one of the leaders in Hilton's global network. The new hotel will be jointly owned by Transcorp Hotels Plc, Transcorp's hospitality arm, and Heirs Holdings Limited.

Transcorp Hotels Port Harcourt Limited

Transcorp Hotels Plc has signed an agreement with Hilton Worldwide, to develop a 250 guestroom Hilton Hotels & Resorts-branded property in Nigeria's garden city, Port Harcourt. The proposed Transcorp Hilton Port Harcourt will be situated at Evo Road in the city and will be a full-service, upscale hotel featuring almost 1,400sqm of state-of-the art conference facilities and meeting rooms, alongside stylish and creative leisure facilities including six restaurants and bars, a gym, spa, pools, and tennis and squash courts, all targeting Nigeria's burgeoning middle class.



Clockwise from top left: Valentine Ozigbo with Mr. Graham Cooke, President and Founder, World Travel Awards, in London 2014; the Group Chairman, Mr. Tony Elumelu *CON*, CME Dr. Ngozi Okonjo-Iweala, and Valentine Ozigbo, MD/CEO; the President of Nigeria, Dr. Goodluck Jonathan at Transcorp Hilton Abuja during WEFA; Valentine Ozigbo flanked by Mr. Christopher Frost, Vice President, World Travel Awards and Ms. Emma Ashworth, Hilton's Regional Director of Sales, in London 2014; Valentine Ozigbo welcoming the Chinese Premier; Founder of WEF in a picture with Transcorp Hilton team upon successful world-class hosting of WEFA 2014; Facts Behind the Offer with NSE Board and Management.

RESULTS AT A GLANCE

	Group 2014 N'Million	Group 2013 N'Million	Increased/ (Decreased) %
For the year ended 31 December			
Gross earnings	15,105	15,349	(2)
Cost of sales	3,505	3,317	6
Gross Profit	11,599	12,032	(4)
Administrative expenses	7,477	6,359	18
Profit before tax	4,540	6,122	(26)
Profit after tax	3,221	4,409	(27)
As at 31 December			
Non-current assets	53,728	49,605	8
Current assets	15,896	16,985	(6)
Total assets	69,624	66,590	5
Share capital	3,800	5	75,900
Shareholders fund	51,752	43,514	19
Per Share data			
Adjusted earnings per share (Kobo)	59	81	(27)
Adjusted net assets per share (Kobo)	681	573	19

	Company 2014 N'Million	Company 2013 N'Million	Increased/ (Decreased) %
For the year ended 31 December			
Gross Earnings	14,487	14,768	(2)
Cost of sales	3,286	3,122	5
Gross profit	11,201	11,646	(4)
Administrative expenses	6,970	5,932	17
Profit before tax	4,646	6,164	(25)
Profit after tax	3,330	4,448	(25)
As at 31 December			
Non-current assets	53,398	48,047	11
Current assets	16,074	18,344	(12)
Total assets	69,472	66,391	5
Share capital	3,800	5	75,900
Shareholders' fund	52,089	43,742	19
Per Share data			
Adjusted earnings per share (Kobo)	61	82	(26)
Net assets per share (Kobo)-restated	685	576	19
Number of employees	1,515	1,487	2

Financial highlights

Group

• Gross earnings	N15.10 Billion
• Profit after tax	N3.22 Billion
• Headline earnings per share	59 kobo
• Return on equity	6.22 %
• Total assets	N69.62 Billion

Company

• Gross earnings	N14.49 Billion
• Profit after tax	N3.33 Billion
• Headline earnings per share	61 kobo
• Return on equity	6.39 %
• Total assets	N69.47 Billion

LIST OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Directors

Olorogun O'tega Emerhor, OON	Chairman
Valentine Ozigbo	Managing Director/CEO
Okaima Ohizua	Executive Director
Emmanuel N. Nnorom*	Director
Peter Elumelu**	Director
Benjamin Dikki	Director
HRH Baba Mohammed	Director
Gogo Kurubo	Director
Omoniyi Fagbemi, mni**	Director

Company Secretary
Helen Iwuchukwu

Company Registration No
RC 248514

Registered Office
1, Aguiyi Ironsi Street
Maitama, Abuja

Auditors
PricewaterhouseCoopers
252E Muri Okunola Street
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
Mainstreet Bank Limited

* Appointed 13 January, 2014
** Appointed 11 November, 2014

BOARD OF DIRECTORS

Olorogun O'tega Emerhor, *OON*
Chairman

Olorogun O'tega Emerhor, OON, is the Vice Chairman/Group CEO of Standard Alliance Insurance Plc; 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 holds fellowships from Institute of Chartered Accountants of Nigeria, Institute of Credit and Risk Management of Nigeria and 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 Citi Bank, Fidelity Bank Plc, Guaranty Trust Bank and as Managing Director of erstwhile Crystal Bank. He holds directorships in a number of companies and has received various prestigious awards

Valentine Ozigbo
Managing Director/CEO

Valentine Ozigbo is the MD/CEO of the Company. He was a banker and accountant with over 20 years experience in commercial, retail, investment and international banking. Valentine graduated from Lancaster University, UK where he bagged 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 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 and the Chartered Institute of Taxation of Nigeria.

Okaima Ohizua
Executive Director

Okaima Ohizua is the Executive Director of the Company. She is a lawyer having graduated 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 like the Citi Group and United Bank for Africa Plc (UBA) where she served in various capacities. Consistent meritorious service at the Citi Group for over 15 years saw Okaima rise through the ranks to become Assistant Vice President and Head of Electronic Banking & Implementation. She also held other senior management positions in Sales and Products at UBA, Okaima served as Director, Customer Service.

Emmanuel N. Nnorom
Non Executive Director

Emmanuel Nnorom is the President/CEO of Transnational Corporation of Nigeria Plc (Transcorp). Prior to assuming this position, he was the President and Chief Operating Officer of Heirs Holdings Limited. Previously, he was an Executive Director at UBA and Managing Director/CEO of UBA Africa, overseeing the Group's African subsidiaries. He had also held the position of UBA Group Chief Operating Officer with responsibility over information technology, operations, corporate services, marketing and corporate communications, customer service, UBA Properties, human resources and regulatory affairs.

ENN, as he is called by colleagues, is an Alumnus of the Oxford University, Templeton College and a Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Bankers of Nigeria (CIBN). He trained as an accountant with Peat Marwick Castleton Elliot & Co., winning the First Prize in the finals of the May 1982 diet of ICAN examinations. He is a seasoned auditor and accountant with over two decades of experience working with several quoted companies.

Peter Elumelu
Non-Executive Director

Hon. Peter Elumelu is an astute businessman cum politician with proven track record created by well over 27 years experience gained from different sectors including public, private, and academia. He holds a Bachelor of Science Degree in Business Management from the Rivers State University of Science &Technology, Port Harcourt. He also holds a Masters Degree in Financial Management Technology from the Federal University of Science & Technology (FUTO) Owerri. He is a member of the Institute of Directors.

BOARD OF DIRECTORS *(Contd)*

As a successful businessman and corporate governance advocate, Hon. Elumelu is a seasoned member of several corporate boards. He is currently the Chairman/Chief Executive of Pet Jibson & Company Limited, Pet Jibson Construction Company Limited, Vanguard Petroleum Company Limited and Peton Engineering Company Limited. He was former Chairman, Board of Directors of Delta State Urban Water-Board, Asaba. He successfully managed and executed various laudable projects during his tenure.

Benjamin Dikki
Non-Executive Director

Mr Benjamin Ezra Dikki is the Director General of the Bureau of Public Enterprises ("BPE"). Prior to this appointment, he was the Director of Industries and Services at BPE.

Mr. Dikki joined the BPE as a Director on December 1, 2004 and has served BPE in the following capacities: Director of Power and Communications; Director, Finance and Management Support; Director Transport and Aviation; Director Communications and Capital Market; Director Information and Communication; and Director Oil and Gas.
Mr Dikki is an Accounting graduate of Ahmadu Bello University (ABU), Zaria. He also holds an M.B.A from ABU. A licensed stockbroker, Mr. Dikki is also a Fellow of the Chartered Institute of Stock Brokers (CIS). He has attended several courses and seminars in Nigeria and abroad.

HRH Baba Mohammed
Non-Executive Director

HRH Baba Mohammed is the Head, National Parks & Capital Market at the Presidency, Bureau of Public Enterprises (BPE). He has spent over 20 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.

Gogo Kurubo
Non-Executive Director

Gogo Kurubo is the President/CEO of Hartlite Energy Limited. He is a highly motivated and result-oriented business professional with a wealth of experience and knowledge in investment analysis, corporate finance, capital markets, hospitality and energy. He has over 20 years proven track record of value delivery to leading global organisations.
Gogo has worked as the Executive Secretary of Corporate Nigeria Ltd. He was the Director of Business Development of EFFBEEGEE Services Limited from 2000-2002. Previously, he served as the Relationship Manager of ENTO Enterprises Inc, New Jersey, and the Nigeria-Investment Analyst of Negotiable Finance Ltd.

A Management graduate of the University of Port-Harcourt, Rivers State, Gogo is a Member of the Chartered Institute of Stockbrokers.

Omoniyi Fagbemi, *mni*
Non-Executive Director

Mr Omoniyi Fagbemi is the Director Revenue and Investment at the Office of the Accountant General of the Federation (OAGF), Federal Ministry of Finance. Prior to now, Mr Fagbemi worked as an Audit Officer in an accounting firm before joining Inland Containers Nigeria Limited (ICNL). He joined the Public Service in 1993 and has risen through the ranks. In 2011, he was appointed the Director (Finance and Accounts) of OAGF. Thereafter, he was redeployed to the Office of the Accountant General of the Federation as Director (Consolidated Accounts), a position he held until July 2014 when his current appointment was made.

An Accounting graduate of Obafemi Awolowo University, Ile-Ife. Mr. Fagbemi is a Chartered Accountant and a Fellow of ICAN. He is an associate member of the Chartered Institute of Taxation of Nigeria and holds a Master of Business Administration Degree from the Obafemi Awolowo University. Mr. Fagbemi is a Member, of the prestigious National Institute for Policy and Strategic Studies, Kuru, Jos.

EXECUTIVE MANAGEMENT

Valentine Ozigbo
Chief Executive Officer

He has over 20 years rich and varied experience in banking (commercial, retail, investment and international), business development and transformation and more recently hospitality asset development and management. He Holds a B.Sc. in Accounting and an MBA in Banking and Finance from the University of Nigeria, Nsukka. He graduated from the Lancaster University, UK with a Distinction in M.Sc. Finance. A Fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Taxation of Nigeria.

Okaima Ohizua
Executive Director

She has held senior roles in financial services sector including Director, Customer Services in UBA and Head, Electronic Banking at Citigroup. She is a Lawyer having qualified from the University of Benin and the Nigerian Law School. She has an Advanced Management Program Certificate from the Pan-African University - Lagos Business School.

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 owner's 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 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 a 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.

Adekunle Elumaro
Chief Finance Officer

He has over 14 years varied experience in internal audit, forensic audit, tax and both buy and sell side financial advisory. He holds a First Class Honours B.Sc. (Honours) degree in Accounting from University of Ado Ekiti in Ekiti State. 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 pursuing a Masters degree in Finance & Control with the SMC University, Switzerland.

Helen Iwuchukwu
Company Secretary

She has over 20 years experience in corporate, commercial, legal and company secretarial matters and human resource management across different sectors. She holds an LL.B (Honours) degree in Law from Abia State University, Uturu and a Master of Laws degree from Middlesex University Business School, London where her specialism was Employment Law.

Peter Donnellan
Project Director

Peter has over 25 years' experience in large capital projects spanning across hotel and resort constructions, shopping malls, railroads, ports, power plants, bridges, housing and commercial buildings. 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.

Irene Nwankwo
Head Internal Audit

She has over 8 years varied experience in internal audit and control, quality assurance, compliance and process reviews, accounting and corporate governance. 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) and Certified as a 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.

CHAIRMAN'S STATEMENT

For the year ended 31 December 2014

Olorogun O'tega Emerhor, *OON*
Chairman

Distinguished Shareholders,

Members of the Board of Directors,

Ladies and Gentlemen,

I am pleased to welcome you to the first Annual General Meeting of Transcorp Hotels Plc ("Transcorp Hotels" or "the Company") as a publicly quoted company.

In this report, I will detail our financial performance scorecard, present an overview of the macroeconomic operating environment, outline some of our major achievements in the course of the year, and in closing share our outlook for 2015.

Highlights of 2014 Financial Performance

Gross Revenue for the Company remained largely flat at N14.5 billion (2013:N14.8 billion) on the back of increased security challenges in the Federal Capital Territory and the effects of the Ebola Virus Disease (EVD).

Operating profit for the year was N4.4billion (2013: N5.8billion). It reduced by 24% as a result of an increase in administrative expenses. The increase in administrative expenses was due to increased operational costs specifically on improving security due to incidences in Abuja and incremental cost of hosting the WEFA event.

The combined effect of the reduced revenue and increase in administrative expenses reduced Profit Before Tax by 26% to N4.6 billion from N6.2 billion recorded in 2013. Similarly, Profit After Tax declined by 25% to N3.3 billion from N4.4 billion achieved in 2013.

The Global Economy

Against the expectations of a much stronger performance, global economic conditions in 2014 remained weak. In the US, Euro Zone and Japan, the growth in private spending was feeble as these economies began to slowly adjust to the after-effects of massive balance adjustments of the previous year. One notable feature in the global economy for the year was the divergence in monetary policy stance between the US Federal Reserve (US Fed) and the European Central Bank (ECB).

Motivated by positive trends in economic data, the US effectively ended its Quantitative Easing programme in October 2014. Although most economic indicators continue to point to the recovery of the US economy, there is a possibility that the US Fed will leave interest rates at zero (0%) in the short term. The success of the US Fed in keeping rates at 0% will depend largely on how robust US consumer spending becomes in the light of lower oil prices.

Growth in the Euro Zone continues to be challenging due to the weak domestic demand and existing structural issues, both of which are legacies of the global financial crisis. In a bid to stimulate growth, the ECB began a new asset purchase programme in October 2014. The programme is scheduled to last for at least two years with the potential to add €1 trillion into the Euro Zone economy.

In key emerging markets, a combination of geopolitical and country specific risks contributed to a mixed scorecard. The downward trend in global oil prices, coupled with inflation and currency pressures led to a slowdown in the Brazilian economy. In Russia, weak oil prices coupled with EU and US sanctions and Russia's retaliation to the sanctions has weakened the rouble and pushed up domestic prices. India's successful democratic transition resulted in an increase in provisional GDP growth figures on the back of increased business confidence in the new government's ability to push through pro-business reforms.

The Local Economy

For the first half of 2014, the Nigerian economy recorded favourable performance with rebasing of the country's GDP, oil prices reaching a peak of US$115 per barrel and equity market capitalization reaching a historic high of N14 trillion. The rebasing of the Gross Domestic Product (GDP) effectively increased the size of the economy by 89.2% to N80.2 trillion (US$509.9 billion). A breakdown of the figures reveals that services sector is the biggest contributor to GDP underscoring the diversification of the Nigerian economy. While the rebased GDP numbers have given a clearer picture on the structure of the Nigerian economy, it also revealed weakness and leakages in Nigeria's tax collection system.

CHAIRMAN'S STATEMENT *(Contd)*

The second half of the year was challenging as a slump in global oil prices led to severe pressure on the naira. Despite aggressive tightening as well as various control measures employed by the CBN to provide support for the currency, the naira was eventually devalued in the official foreign exchange market. Negative sentiments on the back of weak half-year results by companies and macro-economic headwinds in the form of the oil price slump and a weakened currency saw the equities market close the year as the second worst performer among its peers with a negative 16.1% year-on-year return.

Notwithstanding the challenges and uncertainties created by the oil price shock, Nigeria's long term outlook remains positive on the back of significant opportunities for private sector involvement in the development of power transmission facilities, refineries, gas infrastructure and the rail transport sector. Embarking on these structural reforms will open additional investment opportunities that will improve the competitiveness of the Nigerian economy and lead to sustainable long-term growth.

Significant Achievements in 2014

Our award winning flagship hotel, Transcorp Hilton successfully hosted the World Economic Forum on Africa (WEFA) in 2014. It was an unprecedented convergence of political and business leaders from across the globe. The event was adjudged the best World Economic Forum event outside its natural home of Davos, Switzerland.

Our company, Transcorp Hotels Plc also successfully concluded a capital raising exercise by way of an Initial Public Offering. This step underscores our commitment to ensuring that we create a portfolio of world-class hotels in the country as it provides us with the financial muscle required to develop these projects. Transcorp Hotels has since been listed on the main board of the NSE.

In line with its expansion goals, Transcorp Hotels Plc signed another agreement with Hilton Worldwide, to develop a 250-guestroom Hilton Hotels & Resorts-branded property in Port Harcourt. The Transcorp Hilton Port Harcourt will be a full-service, upscale hotel featuring almost 1,400sqm of state-of-the art conference facilities and meeting rooms, alongside stylish and creative leisure facilities.

Transcorp Hilton Abuja, for the second consecutive year, was honoured with the prestigious award of Nigeria's Leading Hotel 2014 and Nigeria's Leading Meetings, Incentives, Conventions and Exhibitions (MICE) Hotel 2014 awarded by the World Travel Awards.

Strategic Intent

The Company's vision is to be the premier hospitality company in Africa, creating maximum and sustainable value for stakeholders, as well as build Africa's choice hospitality assets underpinned by excellence, entrepreneurship and execution.

Over the next five years, the Company will take a phased approach in developing high-end hotels in Ikoyi, Port Harcourt, Ikeja and Warri as well as a convention centre and apartment complex in Abuja. Transcorp Hotels will also leverage on the Transcorp Hilton brand and strong customer base to provide excellent guests experience and achieve superior returns from the new assets.

Outlook for 2015

In 2015, we will commence the upgrade of the Transcorp Hilton Abuja. The upgrade will completely transform the existing facilities and amenities at the hotel and on completion, position the hotel as the clear leader in Nigeria's hospitality industry.

In the course of the year, we expect to kick off construction activities for the development of our flagship Lagos hotel, the Transcorp Hilton Ikoyi and Port Harcourt, the Transcorp Hilton Port Harcourt. These developments would serve the demand for world-class luxury hospitality facilities in these locations.

Conclusion

Notwithstanding the challenges we faced in 2014, we are excited and optimistic about the long-term outlook of the hospitality industry in Nigeria and the position of Transcorp Hotels in this industry.

I would like to thank you our new shareholders for investing in the Company. Let me assure that over time you stand to gain significantly higher returns on your investment. I would also like to thank the Management and Staff of the Company for their hard work, loyalty and commitment. Finally, I would like to thank our regulators and other stakeholders, including Hilton Worldwide, for their support.

OLOROGUN O'TEGA EMERHOR, ***OON***
CHAIRMAN, BOARD OF DIRECTORS

CEO's REPORT

For the year ended 31 December 2014

Distinguished shareholders,

I am delighted to welcome you to Transcorp Hotels Plc's ("Transcorp Hotels or the Company") inaugural Annual General Meeting as a publicly quoted company.

Sectoral Overview

The operating environment in 2014 was difficult in the hospitality industry due to the twin effects of the recurring security challenges in certain parts of country including Abuja and the outbreak of the Ebola Virus Disease (EVD). According to the World Bank, the effect of the EVD outbreak on Nigeria's GDP for 2014 is estimated at $186 million. For our Company, the effect was significant, as we lost about N1.2 Billion in revenues due to cancelled bookings and lost patronage particularly from foreign business travellers segment due to negative travel warnings from various source markets. With credit to the efforts of the Federal Government, the EVD threat has since been contained but the security concern remains.

It is worthy to mention that our business remained relatively resilient due to our robust customer mix as we have 65% of demand locally further insulating us from the effects of declining foreign guest numbers.

Operating Results & Financial Performance Review

Revenue

Gross Revenue of the Company for the year was N14.5billion (2013: N14.8billion).

Profit

Operating profit for the year was N4.4billion (2013: N5.8billion). It reduced by 24% as a result of an increase in administrative expenses.

The increase in administrative expenses was due to increased operational costs specifically on improving security due to incidences in Abuja and incremental cost of hosting the WEFA event. Based on the foregoing, Profit Before Tax of N4.6 Billion (2013: N6.2 billion) was achieved in 2014. Similarly, Profit After Tax for the year was N3.3 billion (2013: N4.4 billion).

Balance Sheet

Total Assets grew to N69.5 billion from N66.4 billion in 2013 while Total Liability decreased to N17.4 billion from N22.6 billion in 2013. The shareholders fund grew to N52.1 billion (2013: N43.7 billion) on the back of successful capital raising exercises undertaken during the year.

Key Achievements in 2014 and Outlook for 2015

Transcorp Hilton Lagos

We have engaged Trevi Foundations Nigeria Limited (Trevi) for the piling works. Trevi is a specialist foundation construction company with over 30 years of local operations. We expect that their scope of work will be executed within 10 months. We have received preliminary approvals of the schematic design of the Hotel by the Lagos State Ministry of Physical Planning and are currently engaging the ministry for final approval to commence construction works. In addition, we are currently reviewing different proposals to expand the land area through acquisition to allow additional areas for utilities, parking and other new commercial uses. We expect construction activities will commence fully in the second quarter of 2015 and we will explore fast track processes to achieve accelerated construction of this world class hotel.

Transcorp Hilton Abuja Upgrade

A mock-up room has been completed and design issues are being finalized. We have also selected the main contractors for the civil, mechanical, electrical and plumbing works. The commercial terms are being finalized and full upgrade will commence in the third quarter of 2015. The scope of work for the upgrade of Transcorp Hilton Abuja includes the redesign and upgrade of all guest rooms, replacement of the guest elevators, renovation of the restaurants and other public areas such as the executive lounge, business centre, meeting rooms, spa, casino, and a new night destination outlet. We expect to complete the project by 2017.

New Developments in Abuja

5000-seater Multi-purpose Banquet Centre (MBC) & 200 Luxury Apartment Units: We are currently finalising the preliminary designs, and expect to commence construction in 2015 or early 2016.

External Works: including new gatehouses and corresponding installation of security equipment, landscaping, new parking facilities and a new driver's village. A general contractor has been selected for this work, which will start imminently.

Transcorp Hilton Port Harcourt

We are currently finalizing the preliminary design package, which includes schematics for architectural, structural, mechanical, electrical and plumbing elements. Once completed, we intend to apply for planning permission by the second quarter of 2015.

CEO's REPORT *(Contd)*

Transcorp Hotels Calabar

We have invested in the upgrade of recreational facilities in the property, which would help to increase room sales. The swimming pool, reception area and lounge have been extensively refurbished and have improved the ambience of the hotel.

Funding the Expansion

Despite the bearish state of the stock market, we were able to raise N4.18billion being 52% of N8billion offer amount hence implying a successful close of our Initial Public Offer.

Subsequent to the IPO, we will require additional funding in the short and medium term to execute our expansion agenda. To this end, we will be implementing a robust funding strategy which includes the use of debt (bank and bonds), equity (third party participations) and quasi equity over the next 1-3 years.

Corporate Social Responsibility

The Transcorp Hilton Abuja's corporate social responsibility program, Bright Blue Futures, received global recognition with a Hilton Worldwide award for our school hygiene project which positively impacted the lives of over 500 pupils of local primary schools in the suburbs of Abuja. In addition, our Hilton Kitchen Apprentices Program and Youth in Hospitality Month activities continue to provide quality training and prepare youths for careers in the hospitality industry.

In addition, we also made a donation of N316 million to the Internally Displaced Persons Fund as part of a private sector led initiative to support relief measures to the victims of the security crises in the Northern part of Nigeria.

Conclusion

Let me use this opportunity to welcome you, the new shareholders in Transcorp Hotels Plc. Looking forward, your company will continue to create and grow value in the hospitality industry through strategic investments, acquisitions and business turnaround. I would like to thank the Board, Management and Staff of the Company for their dedication and commitment. I am confident that with your support, 2015 will be a successful year for us.

Thank you.

VALENTINE OZIGBO
MANAGING DIRECTOR/CEO

CORPORATE GOVERNANCE REPORT

Transcorp Hotels Plc ("Transcorp Hotel" or "the Company") places great importance on maintaining high standards of Corporate Governance through a culture of strong business ethics, sound policies and procedures and effective internal control systems.

The responsibility for Corporate Governance lies with every member of the Company, creating a system of checks and balances among the Board, management and investors to produce an efficiently functioning Company, geared towards the creation and sustenance of shareholder and other stakeholder value.

During the year ended December 31, 2014, the Company complied with the provisions of the Code of Corporate Governance issued by Securities & Exchange Commission (SEC), as well as its Corporate Governance Charter and Policies.

1 Overview

Transcorp Hotels continues to strengthen its Corporate Governance practices through the institution of governance policies that entrench good corporate governance practices. Our philosophy is based on a commitment to value creation and sustenance and placing good corporate governance principles at the centre of our business.

The Board performs certain of its functions through its Committees. The delegation of these functions does not in any way mitigate or dissipate the discharge by members of their duties and responsibilities. These Committees are the Nomination and Governance Committee (NGC), the Finance and Investment Committee (FIC) and the Audit Committee.

Our corporate governance policies approved by the Board of Directors remained operational throughout the year under review. These are:

- **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 Governance and Board Committees Governance Charter**

This charter provides the governance framework for the Board and Board Committees, which framework would promote effective governance of the Company.

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 to the Company. The primary responsibility of the Board is to effectively represent and promote the interest of shareholders and other stakeholders. The ultimate impact of an effective discharge of this responsibility by the Board is sustainable value addition for the Company and all its stakeholders.

The Board comprises seven (7) non-executive directors and two (2) executive directors. 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. Also, the Chairman of the Board is not a member of any Board Committee. The Chairman presides over Board and General Meetings.

In order to ensure sound strategic support towards achieving the objectives of the Company, deliberate efforts were made to ensure that Board members are highly accomplished individuals with invaluable experience from diverse backgrounds.

The Board meets at least four times in a year in line with 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.

2.2 Board Changes

During the year under review, a number of changes took place at the Board level.

Resignations

Mr Obinna Ufudo – effective September 1, 2014
Mr. Abubakar Giza (representing Federal Ministry of Finance) – effective November 11, 2014.

Appointments

Mr Emmanuel Nnorom – effective January 13, 2014
Mr Peter Elumelu – effective November 11, 2014
Mr Omoniyi Fagbemi (representing Federal Ministry of Finance) – effective November 11, 2014.

Consequent upon the foregoing, the Board of Directors of the Company comprised the following as at the end of the year:

Olorogun O'tega Emerhor, *OON*
Chairman
Appointed Director in 2009 and became Chairman in 2011
Olorogun O'tega Emerhor, OON, is the Vice Chairman/Group CEO of Standard Alliance Insurance Plc; 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 Citi Bank, Fidelity Bank Plc, Guaranty Trust Bank and as Managing Director of erstwhile Crystal Bank. He is a Director in a number of companies and has received various prestigious awards.

Valentine Ozigbo
MD/CEO
Appointed: October, 2011
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 where he bagged 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 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 and the Chartered Institute of Taxation of Nigeria.

Okaima Ohizua
Executive Director
Appointed: June, 2013
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.

Emmanuel Nnorom
Non-executive Director
Appointed: January, 2014
Emmanuel Nnorom is the President/CEO of Transnational Corporation of Nigeria Plc (Transcorp). Prior to assuming this position, he was the President/Chief Operating Officer of Heirs Holdings Group. Previously, Emmanuel served as CEO of UBA Africa, overseeing UBA's Africa operations outside Nigeria and executing corporate strategy in 18 African countries. Other senior roles within UBA included Group Chief Financial Officer, with responsibility for Finance and Risk. He is a Chartered Accountant, and brings over three 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).

Peter Elumelu
Non-executive Director
Appointed: November, 2014
Hon. Peter Elumelu is an astute businessman cum politician with proven track record created by well over 27 years experience gained from different sectors including public, private, and academia. He holds a Bachelor of Science Degree in Business Management from the Rivers State University of Science & Technology, Port Harcourt. He also holds a Masters Degree in Financial Management Technology from the Federal University of Science & Technology (FUTO) Owerri. He is a member of the Institute of Directors. As a successful businessman and corporate governance advocate, Hon. Elumelu is a seasoned member of several corporate boards. He is currently the Chairman/Chief Executive of Pet Jibson & Company Limited, Pet Jibson Construction Company Limited, Vanguard Petroleum Company Limited and Peton Engineering Company Limited. He was former Chairman, Board of Directors of Delta State Urban Water-Board, Asaba. He successfully managed and executed various laudable projects during his tenure.

Benjamin Dikki
Non-executive Director
Appointed: December, 2012

Mr Benjamin Ezra Dikki is the Director General of the Bureau of Public Enterprises ("BPE"). Prior to this appointment, he was the Director of Industries and Services at BPE. Mr. Dikki joined the BPE as a Director on December 1, 2004 and has served BPE in the following capacities: Director of Power and Communications; Director, Finance and Management Support; Director Transport and Aviation; Director Communications and Capital Market; Director Information and Communication; and Director Oil and Gas. Mr Dikki is an Accounting graduate of Ahmadu Bello University (ABU), Zaria. He also holds an M.B.A from ABU. A licensed stockbroker, Mr. Dikki is also a Fellow of the Chartered Institute of Stock Brokers (CIS).

HRH Baba Mohammed
Non-executive Director
Appointed: December, 2012

HRH Baba Mohammed is the Head, National Parks & Capital Market at the Presidency, Bureau of Public Enterprises (BPE). He has spent over 20 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.

Gogo Kurubo
Non-executive Director
Appointed: September, 2011

Gogo Kurubo is the President/CEO of Hartlite Energy Limited. He is a highly motivated and result-oriented business professional with a wealth of experience and knowledge in investment analysis, corporate finance, capital markets, hospitality and energy. He has over 20 years proven track record of value delivery to leading global organisations. Gogo has worked as the Executive Secretary of Corporate Nigeria Ltd. He was the Director of Business Development of EFFBEEGEE Services Limited from 2000-2002. Previously, he served as the Relationship Manager of ENTO Enterprises Inc, New Jersey, and the Nigeria-Investment Analyst of Negotiable Finance Ltd. A Management graduate of the University of Port-Harcourt, Rivers State, Gogo is a Member of the Chartered Institute of Stockbrokers.

Omoniyi Fagbemi, *mni*
Non-executive Director
Appointed: November, 2014

Mr Omoniyi Fagbemi is the Director Revenue and Investment at the Office of the Accountant General of the Federation (OAGF), Federal Ministry of Finance. Prior to now, Mr Fagbemi worked as an Audit Officer in an accounting firm before joining Inland Containers Nigeria Limited (ICNL). He joined the Public Service in 1993 and has risen through the ranks. In 2011, he was appointed the Director (Finance and Accounts) of OAGF. Thereafter, he was redeployed to the Office of the Accountant General of the Federation as Director (Consolidated Accounts), a position he held until July 2014 when his current appointment was made. An Accounting graduate of Obafemi Awolowo University, Ile-Ife. Mr. Fagbemi is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in Nigeria (ICAN). He is an associate member of the Chartered Institute of Taxation of Nigeria (CITN) and holds a Master of Business Administration Degree from the Obafemi Awolowo University. Mr. Fagbemi is a Member, of the prestigious National Institute for Policy and Strategic Studies, Kuru, Jos.

2.3 Board Meeting Attendance

A total of five (5) Board meetings were held in the 2014 Financial Year. The table below shows Directors' attendance at Board meetings for the Year.

		BOARD MEETINGS				
Director	**Total Attendance**	**13-Jan-14**	**13-Mar-14**	**11-Jul-14**	**11-Nov-14**	**17-Dec-14**
Ologorun O'tega Emerhor, *OON*	5	●	●	●	●	●
Mr. Valentine Ozigbo	5	●	●	●	●	●
Ms. Okaima Ohizua	5	●	●	●	●	●
Mr. Emmanuel Nnorom	5	●	●	●	●	●
Mr. Peter Elumelu (*Appointed Nov 11, 2014*)	2	○	○	○	●	●
Mr. Benjamin Dikki	5	●	●	●	●	●
HRH. Baba Mohammed	5	●	●	●	●	●
Mr. Gogo Kurubo	5	●	●	●	●	●
Mr. Omoniyi Fagbemi,mni (*Appointed Nov 11, 2014*)	2	○	○	○	●	●
Mr. Obinna Ufudo (*Resigned Sept 1, 2014*)	3	●	●	●	○	○
Mr. Abubakar A. Giza (*Resigned Nov 11, 2014*)	3	●	●	●	○	○

● = *Director was present for meeting*
○ = *Not applicable; Director was either not yet appointed to the Board or had resigned*
Note: No Director was absent for any board meeting

2.4 Board Committees & Executive Management Committee

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 and the Company's Governance Charter. As the name suggest, this Committee provides oversight on matters as it regards Governance. Some functions of the Committee 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.

This Committee was reconstituted on November 11, 2014. Below are its members:

1. Mr. Emmanuel Nnorom – Chairman
2. Mr. Peter Elumelu – Member
3. HRH Baba Mohammed – Member
4. Mr. Gogo Kurubo – Member
5. Mr. Omoniyi Fagbemi, mni – 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:

		NOMINATION & GOVERNANCE			
Director	**Total Attendance**	**13-Mar-14**	**11-Jul-14**	**11-Nov-14**	**17-Dec-14**
Mr. Emmanuel Nnorom	4	●	●	●	●
Mr. Peter Elumelu *(Appointed Nov 11, 2014)*	2	○	○	●	●
HRH Baba Mohammed	4	●	●	●	●
Mr. Gogo Kurubo	2	○	○	●	●
Mr. Omoniyi Fagbemi,*mni* *(Appointed Nov 11, 2014)*	2	○	○	●	●
Mr. Obinna Ufudo *(Resigned Sept 1, 2014)*	2	●	●	○	○
Mr. Abubakar A. Giza *(Resigned Nov 11, 2014)*	1	X	●	○	○

● = *Director was present for meeting*
x = Director was absent for the meeting
○ = *Not applicable; Director was either not yet appointed to the Board or had resigned*

2.4.2 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, Company performance and Strategy. Some specific functions of the Committee include:

- Discharge the Board's responsibilities with regard to strategic direction and budgeting.
- Provide oversight on financial matters and the performance of the Company.
- Review and recommend investment opportunities or initiatives to the Board for decision.
- Recommend financial and investment decisions within its approved limits.
- Assist the Board in fulfilling its oversight responsibilities with regard to audit and control.
- Ensure that effective system of financial and internal control is in place
- Monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of the Company.
- Monitor and evaluate on a regular basis, the qualifications, independence and performance of external and internal auditors and the financial control departments.

Other responsibilities of the Committee include:

- Review the budget of the Company and make recommendations to the full Board for approvals above its limit;
- Monitor performance of the Company against budget;
- Conduct Quarterly business reviews with Executive Management Team;
- Review from time to time the capital (debt/equity) requirements of the Company and recommend to the Board for approval.

The FIC was reconstituted on November 11, 2014. The Committee consists of the following members:

1. Mr. Emmanuel Nnorom – Chairman
2. Mr. Valentine Ozigbo – Member
3. Ms. Okaima Ohizua – Member
4. Mr. Peter Elumelu – Member
5. Mr Benjamin Dikki – Member

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

		FINANCE & INVESTMENT								
Director	**Total Attendance**	**1-Mar-14**	**13-Mar-14**	**27-Mar-14**	**24-Apr-14**	**16-Jun-14**	**11-Jul-14**	**11-Nov-14**	**26-Nov-14**	**17-Dec-14**
Mr. Emmanuel Nnorom	9	●	●	●	●	●	●	●	●	●
Mr. Valentine Ozigbo	9	●	●	●	●	●	●	●	●	●
Ms. Okaima Ohizua	9	●	●	●	●	●	●	●	●	●
Mr. Peter Elumelu *(Appointed Nov 11, 2014)*	3	○	○	○	○	○	○	●	●	●
Mr Benjamin Dikki	6	X	●	X	●	X	●	●	●	●
HRH Baba Mohammed	6	●	●	●	●	●	●	○	○	○
Mr. Gogo Kurubo	4	X	●	X	●	●	●	○	○	○
Mr. Obinna Ufudo *(Resigned Sept 1, 2014)*	5	●	●	●	X	●	●	○	○	○

● = Director was present for meeting
x = Director was absent for the meeting
○ = Not applicable; Director was either not yet appointed to the Board or had resigned

2.4.3 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:

- To ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- To review the scope and planning of audit requirements;
- To review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- To keep under review the effectiveness of the company's system of accounting and internal control;
- To make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the company; and
- 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 Audit Committee was reconstituted on November 11, 2014. The Committee consists of the following members:

1. Mr. Omoniyi Fagbemi, mni – Chairman
2. Mr. Peter Elumelu – Member
3. HRH Baba Mohammed – Member
4. Mr. Gogo Kurubo – Member

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

		AUDIT COMMITTEE			
Director	**Total Attendance**	**13-Mar-14**	**11-Jul-14**	**11-Nov-14**	**17-Dec-14**
Mr. Omoniyi Fagbemi,*mni (Appointed Nov 11, 2014)*	2	○	○	●	●
Mr. Peter Elumelu *(Appointed Nov 11, 2014)*	2	○	○	●	●
HRH Baba Mohammed	4	●	●	●	●
Mr. Gogo Kurubo	4	●	●	●	●
Mr. Abubakar A. Giza *(Resigned Nov 11, 2014)*	2	●	●	○	○
Mr. Obinna Ufudo *(Resigned Sept 1, 2014)*	2	●	●	○	○

●= Director was present for meeting
○= Not applicable; Director was either not yet appointed to the Board or had resigned

2.4.4 Statutory Audit Committee

At the Company's first Annual General Meeting as a public company, the Statutory Audit Committee comprising equal numbers of directors and shareholders would be inaugurated.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Transcorp Hotels Plc ("the company") together with the audited financial statements for the year ended 31 December 2014, to the members of the Company. This report discloses the state of the Company and the Group.

Legal Form

Transcorp Hotels Plc, formerly known as Transnational Hotels and Tourism Services Limited, was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company and is domiciled in Nigeria. Through an extra-ordinary general meeting held in March 2014 by the shareholders, it was agreed that the company be re-registered at the Corporate Affairs Commission as a public limited liability company and an initial public offer (IPO) of the shares of the company was authorised. The IPO was approved by the Securities and Exchange Commission in August 2014.

A total of 418,403,900 (Four hundred and eighteen million, four hundred and three thousand, nine hundred) 50k ordinary shares @ N10 per share were subscribed for during the Initial Public Offer (IPO). The Company maintains controlling interest in Transcorp Hotels Calabar Limited (formerly known as Transcorp Metropolitan Hotels and Conferencing Limited.) On 30 September 2012, the company acquired 100% equity interest in Transcorp Hotels Calabar Limited.

The address of its registered office is:

1 Aguiyi Ironsi Street,
Maitama, FCT
Abuja, Nigeria.

Principal Activities

The Company is engaged in the hospitality industry, through ownership and management of hotel properties, and of investment in other hospitality, leisure and food businesses.

Results

The Company's result for the year is set out on page 29. The profit for the year of N3.33 billion (Group - N3.22 billion) has been transferred to revenue reserves. The summarised results are presented below:

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Revenue	15,104,796	15,348,722	14,486,575	14,768,454
Gross profit	11,599,352	12,031,739	11,200,714	11,646,036
Total comprehensive income for the year	3,220,615	4,409,305	3,330,290	4,447,797
Adjusted Earnings per share (kobo)	59	81	61	82

Directors' Interests in Contracts

None of the directors has notified the Company 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	Indirect	Total	% Holding
Mr Valentine Ozigbo	1,000,000	-	1,000,000	0.013
Ms. Okaima Ohizua	50,000	-	50,000	0.00066
Mr. Emmanuel Nnorom#	19,000	-	-	0.00025
Mr. Peter Elumelu*	100,000	-	100,000	0.0013
Mr. Omoniyi Fagbemi, mni*	50,000	-	50,000	0.00066
Total	**1,219,000**	**-**	**1,219,000**	

** Appointed 11 November 2014*

Shareholding Analysis

According to the register of members at 31 December 2014, the shareholding in the Company was as follows:

Shareholder	No. of Holders	Percent	Units	Percent
1 - 9,999	802	61.93	1,860,000	0.02
10,000 - 99,999	386	29.81	8,182,000	0.11
100,000 - 999,999	92	7.10	13,183,000	0.17
1,000,000 - 9,999,999	7	0.54	15,178,900	0.20
10,000,000 - 99,999,999	4	0.31	91,000,000	1.20
100,000,000 - 999,999,999	2	0.15	289,000,000	3.80
1,000,000,000 - 9,999,999,999	2	0.15	7,182,000,000	94.49
	1,295	**100**	**7,600,403,900**	**100**

Substantial Interest In Shares

As at December 31 2014, only Transnational Corporation of Nigeria Plc ("Transcorp") and Ministry of Finance Incorporated ("MOFI") directly and/or indirectly held 5% or more of the issued share capital of the Company. Transcorp and MOFI held a total of 83.5% and 5.5% respectively of the issued share capital of the Company.

Share Capital History

The capitalization history of the company as at 31 December 2014 is as stated below:

Date	Authorized Increase Units	Authorized Cumulative Units	Issued Increase Units	Issued Cumulative Units	Consideration Units
12/07/1994	10,000,000	10,000,000	5,000,000	5,000,000	Cash
13/01/2014	20,000,000	30,000,000	16,000,000	21,000,000	Cash
13/03/2014	7,470,000,000	7,500,000,000	3,570,000,000	3,591,000,000	Bonus Issue
13/03/2014	7,500,000,000	15,000,000,000	3,591,000,000	7,182,000,000	Stock Split
11/11/2014	-	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 given in note 10 in the Notes to the Financial Statements.

Employment of Physically Challenged Persons

The Group has a policy of 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.

Internal Control

The entire staff and Management of Transcorp Hotels Plc take ownership and responsibility for protecting the Company, its interests and assets. Nevertheless, the Internal Audit and Compliance Unit discharge the internal control functions.

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 and completeness. Internal Audit also provides assurance to the Board and Management that internal control process are in place and adequate.

Insider Trading and Stock Tipping

The Group has established strict requirements that prohibits individuals who have access to material or price-sensitive non-public information through their roles within the Group from sharing or using that "inside information" to buy or sell stock or other securities of any company while in possession of that information in accordance with applicable securities laws and stock exchange guidelines.

The Board has ultimate responsibility for the Company's compliance with all regulatory requirements and rules regarding security trading and related party transactions.

Safety, Health and Environment (SHE) Policy and Practises

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' Management is committed to allocating all necessary resources to achieve our set goals; providing and maintaining safe and healthy working conditions taking into account the Nigeria statutory requirements; making available all necessary safety devices, protective equipment and supervising their usage; maintaining a constant and continued interest in the health and safety matters relating to the Hotel by ensuring employees undertake hazard spotting as a normal part of their duties; and providing appropriate training to enable employees to perform their work safely and efficiently.

All Transcorp Hotels Employees or Consultants have an obligation to co-operate in conformity with this SHE Policy. All Staff of Transcorp Hotels and subsidiaries understand their specific responsibilities at all times for Safety, Health, and Environment within the organization.

Employee Training and Involvement

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. Employees are also involved in the affairs 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 and external 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.

Donations and Gifts

The company donated the sum of N316 million to the National Fund for Internally Displaced Persons (IDP) during the year.

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

Helen Iwuchukwu
Company Secretary
Transcorp Hotel Plc
1, Aguiyi Ironsi Street
Maitama, Abuja

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

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

REPORT OF THE AUDIT COMMITTEE

In compliance with section 359 (6) of the Companies and Allied Matters Act, members of the Audit Committee of Transcorp Hotels Plc

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 2014.

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.

Omoniyi Fagbemi, ***mni***
Chairman, Audit Committee

Members of the Audit Committee

1)	Mr. Omoniyi Fagbemi, *mni**	(Chairman)	-	Shareholder
2)	Mr. Peter Elumelu*	(Member)	-	Shareholder
3)	Mr. Gogo Kurubo	(Member)	-	Director
4)	Mr. Baba Mohammed	(Member)	-	Director

** Joined 11 November 2014*

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TRANSCORP HOTELS PLC

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Transcorp Hotels Plc ("the company") and its subsidiary (together, the Group). These financial statements comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

Report on Other Legal Requirements

The Companies and Allied Matters Act requires 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 from branches not visited by us;

iii the company's statements of financial position and comprehensive income are in agreement with the books of account.

Edafe Erhie

Engagement Partner: Edafe Erhie
FRC/2013/ICAN/00000001143
For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 0862744

13 March 2015

STATEMENT OF FINANCIAL POSITION

	Note	Group 31 Dec 2014 N'000	Group 31 Dec 2013 N'000	Company 31 Dec 2014 N'000	Company 31 Dec 2013 N'000
ASSETS					
Non Current assets					
Property, plant and equipment	10	48,943,763	47,567,390	47,087,750	45,824,368
Intangible assets	11	2,029,637	2,037,220	47,946	58,808
Investment Properties	13	1,138,164	-	1,138,164	-
Investment in subsidiary	12	-	-	3,508,621	2,163,621
Long term receivables	20.2	1,616,010	-	1,616,010	-
Total non current assets		**53,727,574**	**49,604,610**	**53,398,491**	**48,046,797**
Current assets					
Inventories	15	820,285	923,931	779,100	904,579
Trade and other receivables	16	12,387,410	7,422,689	12,669,926	8,849,596
Cash and bank balances	17	2,688,578	8,638,854	2,624,925	8,589,802
Total current assets		**15,896,273**	**16,985,474**	**16,073,951**	**18,343,977**
Total assets		**69,623,847**	**66,590,084**	**69,472,442**	**66,390,774**
LIABILITIES					
Non-current liabilities					
Deferred tax liability	14	7,503,856	7,598,293	7,215,154	7,286,101
Total non-current liabilities		**7,503,856**	**7,598,293**	**7,215,154**	**7,286,101**
Current liabilities					
Trade and other payables	18	7,275,336	11,767,837	7,086,385	11,642,333
Current income tax liabilities	9	3,092,585	3,709,963	3,081,435	3,720,626
Total current liabilities		**10,367,921**	**15,477,800**	**10,167,820**	**15,362,959**
Total liabilities		**17,871,777**	**23,076,093**	**17,382,974**	**22,649,060**
Equity					
Ordinary share capital	24	3,800,202	5,000	3,800,202	5,000
Share Premium	24	4,034,411	-	4,034,411	-
Retained earnings		43,917,457	43,508,991	44,254,855	43,736,714
Equity attributable to owners		51,752,070	43,513,991	52,089,468	43,741,714
Total equity		**51,752,070**	**43,513,991**	**52,089,468**	**43,741,714**
Total equity and liabilities		**69,623,847**	**66,590,084**	**69,472,442**	**66,390,774**

The notes on pages 33 to 57 are an integral part of these financial statements.

The financial statements on pages 29 to 59 were approved and authorised for issue by the Board of Directors on 11 March 2015 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 Chineto Ozigbo
FRC/2013/ICAN/00000005347
Managing Director/CEO

INCOME STATEMENT

	Note	Group 31 Dec 2014 N'000	Group 31 Dec 2013 N'000	Company 31 Dec 2014 N'000	Company 31 Dec 2013 N'000
Revenue	5	15,104,796	15,348,722	14,486,575	14,768,454
Cost of sales	6	(3,505,444)	(3,316,983)	(3,285,861)	(3,122,418)
Gross profit		**11,599,352**	**12,031,739**	**11,200,714**	**11,646,036**
Administrative expenses	7	(7,476,574)	(6,359,176)	(6,969,634)	(5,931,689)
Other operating income	8	139,493	46,613	137,162	46,613
Operating profit		**4,262,271**	**5,719,176**	**4,368,242**	**5,760,960**
Finance income	8	277,729	402,878	277,729	402,878
Net finance income		**277,729**	**402,878**	**277,729**	**402,878**
Profit before taxation		**4,540,000**	**6,122,054**	**4,645,971**	**6,163,838**
Income tax expense	9	(1,319,385)	(1,712,749)	(1,315,681)	(1,716,041)
Profit for the year		3,220,615	4,409,305	3,330,290	4,447,797
Total comprehensive income for the year		**3,220,615**	**4,409,305**	**3,330,290**	**4,447,797**
Basic and Diluted EPS (kobo)	23	59	88,186	61	88,956
Adjusted EPS (kobo)	23	59	81	61	82

The notes on pages 33 to 57 are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY

Group	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
At 1 January 2013	5,000	-	43,299,686	43,304,686
Profit for the year	-	-	4,409,305	4,409,305
Dividend paid	-	-	(4,200,000)	(4,200,000)
Balance at 31 December 2013	5,000	-	43,508,991	43,513,991
Balance at 1 January 2014	5,000	-	43,508,991	43,513,991
Initial Public Offer	209,202	3,974,837	-	4,184,039
Right Issue	16,000	3,984,000	-	4,000,000
Profit for the year	-	-	3,220,615	3,220,615
Bonus issue	3,570,000	(3,570,000)	-	-
Share Issue expense	-	(354,426)	-	(354,426)
Dividend paid	-	-	(2,812,149)	(2,812,149)
Balance at 31 December 2014	3,800,202	4,034,411	43,917,457	51,752,070

Company	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
At 1 January 2013	5,000	-	43,488,917	43,493,917
Profit for the year	-	-	4,447,797	4,447,797
Dividend paid	-	-	(4,200,000)	(4,200,000)
Balance at 31 December 2013	5,000	-	43,736,714	43,741,714
Balance at 1 January 2014	5,000	-	43,736,714	43,741,714
Initial Public Offer	209,202	3,974,837	-	4,184,039
Right Issue	16,000	3,984,000	-	4,000,000
Profit for the year	-	-	3,330,290	3,330,290
Bonus issue	3,570,000	(3,570,000)	-	-
Share Issue expense	-	(354,426)	-	(354,426)
Dividend paid	-	-	(2,812,149)	(2,812,149)
Balance at 31 December 2014	3,800,202	4,034,411	44,254,855	52,089,468

The notes on pages 33 to 57 are an integral part of these financial statements.

STATEMENT OF CASHFLOW

		Group		Company	
	Note	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Cash flows from operations					
Cash generated from operating activities	25	(8,454,738)	4,756,536	(8,746,792)	4,635,697
Tax paid	9	(2,025,819)	(1,202,175)	(2,025,819)	(1,202,174)
Net cash generated from operating activities		**(10,480,557)**	**3,554,361**	**(10,772,611)**	**3,433,523**
Cash flows from investing activities					
Proceeds from sale of property plant and equipment	25	541	3,035	541	3,035
Purchase of property, plant and equipment	10	(2,433,309)	(450,224)	(2,161,984)	(378,282)
Purchase of investment property	13	(1,138,164)	-	(1,138,164)	-
Purchase of intangible assets	11	(6,128)	(1,155)	-	-
Interest received	8	277,729	402,878	277,729	402,878
Net cash used in investing activities		**(3,299,331)**	**(45,466)**	**(3,021,878)**	**27,631**
Cash flows from financing activities					
Inflow from share issue		7,829,612	-	7,829,612	-
Net cash used in financing activities		**7,829,612**	**-**	**7,829,612**	**-**
Net (decrease)/increase in cash and cash equivalents		**(5,950,276)**	**3,508,895**	**(5,964,877)**	**3,461,154**
Cash & cash equivalents at the beginning of the year	17	8,638,854	5,129,959	8,589,802	5,128,648
Cash balance at end of period	**17**	**2,688,578**	**8,638,854**	**2,624,925**	**8,589,802**

The notes on pages 33 to 57 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT

1 General Information

Transcorp Hotels Plc (formerly known as Transnational Hotels and Tourism Services Limited) 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 holding investment in hospitality assets and the rendering hotel services.

Through an extra-ordinary general meeting held in March 2014 by the Board of Directors, it was agreed that the company be re-registered at the Corporate Affairs Commission as a public limited liability company and an initial public offer (IPO) of the shares of the company was authorised. The IPO was approved by the Corporate Affairs Commission in August 2014. A total of 418,403,900 (Four hundered and eighteen million, four hunderd and three thousand, nine hundred) 50k ordinary shares at N10 per share were subscribed for during the initial public offer (IPO).

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 (formerly Transcorp Metropolitan Hotels and Conferencing Limited) which owns and operates the Transcorp Hotel situated in Calabar.

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 consolidated financial statements have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and the International Financial Reporting Standards (IFRS) , including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC.

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 consolidated financial statements are disclosed in note 4.

The preparation of financial statements, in conformity with generally accepted accounting principles under 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 and intangible assets. These assets are subsequently carried at cost less accumulated depreciation. 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 after 12 months.

2.1.2 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the Group.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

(b) New standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(c) Early adoption of standards
The group did not early adopt new or amended standards in 2014.

2.2 Consolidation

(a) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the group has control over. 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.

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

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

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. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Disposal of subsidiaries

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

(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. During the year, Transnational Corporation of Nigeria Plc increased it percentage holding in the Company to 83% (2013-51%).

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Transcorp Hotels Plc.

The Group's primary segment reporting is by business segment. It operates predominantly in only one business segment which is the hospitality business. Also, the group operates only in one geographical segment. Information relating to both the business and geographic segments has been presented in these financial statements.

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 Transnational Hotels and Tourism Services Limited and its subsidiary is the Nigerian Naira (N). All entities in the group have the same functional currency. The consolidated 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.

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	10%
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 it's 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 and 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. The estimated useful lives of the software of the group is between 3 - 8 years.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

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.

Investment property as at 31 December 2014 relates to the 10,141.19 Sq Meters of land situate, lying and being at Ikegwerre street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria, leased to Transcorp Hotels Port Harcourt Limited on 1 December 2014.

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

The directors 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.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

(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

The Group's held to maturity investments is its investment in treasury bills held during the year.

(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.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

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 profit or loss.

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.

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.

Currently the Group has no qualifying assets on which borrowing costs are being capitalised.

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.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

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 2004. 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.

Income from investments is recognized when it is earned. Income is earned as follows:

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 included in 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.

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 Instruments and Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, credit risk and liquidity risk.

Risk management is carried out by the Internal Audit and Finance departments, under policies approved by the board of directors. These departments identify, evaluate, and manage financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk and credit risk.

3.1 Credit Risk Management

3.1.1 Management of Credit Risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Risks limits are set based on internal and external ratings in accordance with limits set by the board. The utilisation of credit limits are regularly monitored.

3.1.2 Credit Concentrations

Spread of credit/debt amongst customers

Credit quality

The company has dedicated standards, policies and procedures to control and monitor all such risks. There are no independent ratings for customers therefore the company assesses the credit quality of the customer by taking into account its financial position, past experience and other factors. No financial assets are past due except for trade receivables.
Below is a breakdown of financial assets neither past due nor impaired, past due but not impaired and fully impaired:
Below is the breakdown of trade and other receivables neither past due nor impaired, past due but not impaired and individually impaired:

	Group		Company	
	31 Dec 2014 N'000	**31 Dec 2013 N'000**	**31 Dec 2014 N'000**	**31 Dec 2013 N'000**
Neither past due nor impaired	11,286,788	6,629,540	11,649,928	8,143,804
Past due but not impaired	775,603	736,273	705,867	648,917
Impaired	148,653	140,562	128,661	119,933
Gross trade receivables	12,211,044	7,506,375	12,484,456	8,912,654
Impairment	(148,653)	(140,562)	(128,661)	(119,933)
Net trade receivables	**12,062,391**	**7,365,813**	**12,355,795**	**8,792,721**

Neither past due nor impaired

Credit quality of financial assets:
The continuous credit worthiness of the existing customers that are neither past due nor impaired are analysed periodically based on history of performance of the obligations and settlement of their debt:

Rating Category	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Big	11,227,546	6,439,603	11,594,131	7,961,589
Small	57,645	183,465	55,797	182,215
Others	1,597	6,472	-	-
	11,286,788	6,629,540	11,649,928	8,143,804

Trade debtors are categorised by the sales and marketing team. This classification is based on the net worth of the customers and volume of sales.

Categories Description of categories

Big These are large customers who have been with the company for more than three years. Their credit limit is over 30 days.

Small Customers in this category transact in small business but have been with the company for more than three years. Their credit limit also extend beyond 30 days.

Others Customers in this category transact in small business but have been with the company for less than three years. Their credit limit is 30 days.

Balances with banks fall under neither past due nor impaired. An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

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 receivables is as follows:

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Past due 0-90 days	422,220	390,225	410,983	363,394
Past due 90-180 days	353,383	346,048	294,884	285,523
	775,603	736,273	705,867	648,917

Impaired

The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Past due 0-90 days	110	38,600	110	28,517
Past due 90-180 days	71,581	42,651	71,581	36,329
Past due > 180 days	76,962	59,311	56,970	55,087
Total	**148,653**	**140,562**	**128,661**	**119,933**

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

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

	Group		Company	
	31 Dec 2014 N'000	**31 Dec 2013 N'000**	**31 Dec 2014 N'000**	**31 Dec 2013 N'000**
At 1 January	140,562	177,659	119,933	113,028
Provision for receivable impairment	8,728	6,905	8,728	6,905
Unused amounts reversed	(637)	(44,002)	-	-
As at 31 December	**148,653**	**140,562**	**128,661**	**119,933**

The creation and release of provision for impaired receivables have been included in "other operating expenses" in the income statement (Note 7).

Collateral provided by trade debtors
There is no collateral on the trade receivables.

	31 Dec 2014 N'000	**31 Dec 2013 N'000**
Cash and cash equivalents		
A	2,624,925	8,589,802
Total	**2,624,925**	**8,589,802**

3.2 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

3.2.1 Management of Liquidity Risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the covenant compliance, and compliance with internal financial position ratio.

Surplurs cash held by the Group over and above the balance required for working capital management are invested in debt or equity securities. These can be realised in the short term to provide sufficient head-room as determined by the above mentioned forecast. The company has incurred indebtedness in the form of accrued liabilities. The company evaluates its ability to meet its obligations on an on-going basis. Based on these evaluations, the company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. The company has no limitation placed on its borrowing capability.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

3.2.2 Maturity Analysis

The table below analyses financial liabilities of the company into relevant maturity period based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	0-30 days	31-180 days	181-365 days	Over 1yr but less than 5yrs	Total
	N'000	N'000	N'000	N'000	N'000
December 31 2014					
Financial assets					
Trade debtors	448,830	667,482	63,361	44,872	1,224,545
Cash and cash equivalents	2,688,578	-	-	-	2,688,578
Other Receivables	4,019,499	15,525	3,328,328	3,478,510	10,841,862
	7,156,907	683,007	3,391,689	3,523,382	14,754,985
Financial liabilities					
Creditors	1,566,761	4,017,905	1,050,259	628,263	7,263,188
Current tax payable	-	3,092,585	-	-	3,092,585
	1,566,761	7,110,490	1,050,259	628,263	10,355,773

	0-30 days	31-180 days	181-365 days	Over 1yr but less than 5yrs	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2013					
Financial assets					
Trade debtors	286,787	616,080	280,503	-	1,183,370
Cash and cash equivalents	8,638,854	-	-	-	8,638,854
Other receivables	-	20,161	915,502	5,246,780	6,182,443
	8,925,641	636,241	1,196,005	5,246,780	16,004,667
Financial liabilities					
Creditors	395,480	11,246,857	-	-	11,642,337
Current tax payable	-	3,709,963	-	-	3,709,963
	395,480	14,956,820	-	-	15,352,300

Company	0-30 days	31-180 days	181-365 days	Over 1yr but less than 5yrs	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2014					
Financial assets					
Trade debtors	407,497	648,565	35,461	21,952	1,113,475
Cash and cash equivalents	2,624,925	-	-	-	2,624,925
Other receivables	4,124,209	910,528	3,043,164	3,164,382	11,242,320
	7,156,631	1,559,093	3,078,625	3,186,334	14,980,720
Financial liabilities					
Creditors	2,300,070	4,786,315	-	-	7,086,385
Current tax payable	-	3,081,435	-	-	3,081,435
	2,300,070	7,867,750	-	-	10,167,820

Company	0-30 days	31-180 days	181-365 days	Over 1yr but less than 5yrs	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2013					
Financial assets					
Trade debtors	286,787	532,711	55,087	201,957	1,076,542
Cash and cash equivalents	8,589,802	-	-	-	8,589,802
Other receivables	-	-	7,716,179	-	7,716,179
	8,876,589	532,711	7,771,266	201,957	17,382,523
Financial liabilities					
Creditors	3,940,583	7,827,253	-	-	11,767,836
Current tax payable	-	3,720,626	-	-	3,720,626
	3,940,583	11,547,879	-	-	15,488,462

3.3 Market Risk

3.3.1 Management of Market Risk

Market risk is the risk that movements in market rates, including foreign exchange rates, and commodity prices will reduce the company's income. The management of market risk is undertaken using risk limits approved by the operating unit finance directors under delegated authority.

3.3.2 Foreign currency Denominated Balances (USD)

	31 Dec 2014 N'000	31 Dec 2013 N'000
Cash and bank balances	314,277	1,037,380
Financial liabilities		
Trade creditors	118,515	2,075,604
Net assets position denominated in foreign currencies	195,762	(1,038,224)

Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The foreign denominated balances that the company is exposed to fluctuations are cash and cash equivalents.

At 31 December 2014, if the Naira had weakened by 10% against the US dollar with all other variables held constant. The sensitivity of the company's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at loss of 10% as shown below:

	31 Dec 2014 N'000	31 Dec 2013 N'000
Change in exchange rate - 10%		
Impact on profit or loss	19,576	(103,822)

3.4 Capital Management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the financial position. The group had no debt as at 31 December 2014.

3.5 Fair Values of Financial Assets and Financial Liabilities

The carrying amount of the companys financial assets and liabilities as at 31 December 2014 and 31 December 2013 are the same as the fair value. No financial assets and liabilities was reclassified in the year.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

4 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 cashflow models that required assumptions about future cash flows, margins, and discount rates.

Current and deferred tax
The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is 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 income statement 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 balance sheet 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 utilized. 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.

Deferred tax cont'd
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 income statement, 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 off set 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.

5. Revenue

	Group		Company	
	31 Dec 2014 N'000	**31 Dec 2013 N'000**	**31 Dec 2014 N'000**	**31 Dec 2013 N'000**
Rooms	9,624,109	9,740,808	9,267,808	9,389,914
Food & beverages	4,186,639	4,406,057	3,964,202	4,226,973
Shop rental	557,477	460,088	557,477	460,088
Service charge	166,837	356,546	166,837	356,546
Other operating revenue	569,734	385,223	530,251	334,933
	15,104,796	**15,348,722**	**14,486,575**	**14,768,454**

All the revenue was generated in Nigeria.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

6 Cost of Sales

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Rooms	707,980	598,687	681,532	566,042
Food and beverage	1,576,049	1,582,050	1,467,406	1,500,709
Other operating departments	22,081	6,336	22,081	6,336
Staff costs	1,199,334	1,129,910	1,114,842	1,049,331
	3,505,444	**3,316,983**	**3,285,861**	**3,122,418**

7 Administrative Expenses

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Staff costs	1,120,155	966,872	1,062,949	913,593
Depreciation	1,026,059	1,302,864	898,604	1,184,660
Auditors remuneration	45,000	40,000	30,000	25,000
Management and incentive fees	1,403,102	1,024,283	1,403,102	1,024,283
Professional fees	137,599	46,689	132,902	46,689
Directors' remuneration	144,523	147,345	144,073	147,345
Bank charges	43,052	44,334	41,764	42,943
Repairs and maintenance	760,954	928,932	701,134	866,141
Energy Cost	900,493	855,550	746,804	706,016
Ammortisation	13,711	11,363	10,862	10,863
Donations	316,000	150,000	316,000	150,000
Insurance	150,277	123,923	150,277	123,923
Group Services and Benefits	295,004	299,642	295,004	299,642
Bank Card Charges	204,166	137,755	204,166	137,755
Other operating expenses	916,479	279,624	831,993	252,836
	7,476,574	**6,359,176**	**6,969,634**	**5,931,689**

8 Other Operating Income

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Profit on fixed asset disposal	542	346	542	346
Foreign exchange gains	138,951	46,267	136,620	46,267
	139,493	**46,613**	**137,162**	**46,613**
Finance Income				
Interest on bank deposit	277,729	311,145	277,729	311,145
Interest on treasury bills	-	90,922	-	90,922
Interest on intercompany loan	-	811	-	811
	277,729	**402,878**	**277,729**	**402,878**

9 Income Tax Expense

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Income tax	1,314,290	1,292,800	1,287,096	1,305,743
Education tax	99,532	93,377	99,532	93,377
Deferred tax Income (Note 14)	(94,437)	326,572	(70,947)	316,921
	1,319,385	1,712,749	1,315,681	1,716,041
The movement in tax payable is as follows:				
At 1 January	3,709,963	3,199,389	3,720,626	3,206,759
Opening balance adjustment	89,056	-	70,946	-
Provision for the year	1,319,385	1,712,749	1,315,681	1,716,041
Payment during the year	(2,025,819)	(1,202,175)	(2,025,818)	(1,202,174)
At 31 December	**3,092,585**	**3,709,963**	**3,081,435**	**3,720,626**

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2013 and 31 December 2014 is shown in the table below.

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Profit before tax	4,540,000	6,122,054	4,645,971	6,163,838
Tax at Nigeria Corporation tax rate of 30% (2013: 30%)	1,314,290	1,836,616	1,287,096	1,849,151
Education tax	99,532	93,377	99,532	93,377
Tax losses for which no deferred income tax asset was recognised	(94,437)	(217,244)	(70,947)	(226,487)
Tax charge for the year	**1,319,385**	**1,712,749**	**1,315,681**	**1,716,041**

10 Property Plant and Equipment

Group	Freehold Land	Leasehold Building	Plant & Machinery	Capital work in progress	Computer Equipment & Furniture & Fittings	Motor Vehicle	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
1 Jan 2013	31,358,513	15,262,502	2,232,019	68,458	1,765,270	274,724	50,961,486
Additions	-	4,505	149,025	38,680	184,304	73,710	450,224
Reclassifications	-	-	48,462	(48,462)	-	-	-
Disposals	-	-	-	-	-	(2,734)	(2,734)
31 Dec 2013	**31,358,513**	**15,267,007**	**2,429,506**	**58,676**	**1,949,574**	**345,700**	**51,408,976**
1 Jan 2014	31,358,513	15,267,007	2,429,506	58,676	1,949,574	345,700	51,408,976
Additions	-	156,227	251,595	1,514,667	436,395	74,425	2,433,309
Impairment	-	(2,339)	(52,636)	-	-	-	(54,975)
Reclassifications	-	30,855	1,397	(34,161)	1,909	-	-
Write offs	-	-	-	(3,860)	-	-	(3,860)
Disposals	-	-	-	-	-	(2,800)	(2,800)
31 Dec 2014	**31,358,513**	**15,451,750**	**2,629,862**	**1,535,322**	**2,387,878**	**417,325**	**53,780,650**
Accumulated depreciation and impairment losses							
1 Jan 2013	-	702,260	669,446	-	1,029,118	137,896	2,538,720
Depreciation for the year	-	345,671	381,581	-	490,778	84,836	1,302,866
Balance as at 31 Dec 2013	-	1,047,931	1,051,027	-	1,519,896	222,732	3,841,586
1 Jan 2014	-	1,047,931	1,051,027	-	1,519,896	222,732	3,841,586
Depreciation for the year	-	353,318	394,071	-	231,269	47,425	1,026,083
Disposals	-	-	-	-	-	(2,800)	(2,800)
Impairment	-	(165)	(27,817)	-	-	-	(27,982)
31 Dec 2014	**-**	**1,401,084**	**1,417,281**	**-**	**1,751,165**	**267,357**	**4,836,887**
Net Book Value							
At 1 Jan 2014	31,358,513	14,219,076	1,378,479	58,676	429,678	122,968	47,567,390
At 31 Dec 2014	**31,358,513**	**14,050,666**	**1,212,581**	**1,535,322**	**636,713**	**149,968**	**48,943,763**

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

Company	Freehold Land	Leasehold Building	Plant & Machinery	Capital work in progress	Computer Equipment & Furniture & Fittings	Motor Vehicle	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
1 Jan 2013	30,872,625	14,253,372	1,941,479	29,813	1,516,763	263,890	48,877,942
Additions	-	-	125,663	294	178,615	73,710	378,282
Reclassifications	-	-	9,817	(9,817)	-	-	-
Disposals	-	-	-	-	-	(2,734)	(2,734)
31 Dec 2013	**30,872,625**	**14,253,372**	**2,076,959**	**20,290**	**1,695,378**	**334,866**	**49,253,490**
1 Janu 2014	30,872,625	14,253,372	2,076,959	20,290	1,695,378	334,866	49,253,490
Additions	-	131,204	140,353	1,394,197	421,806	74,425	2,161,985
Disposals	-	-	-	-	-	(2,800)	(2,800)
31 Dec 2014	**30,872,625**	**14,384,576**	**2,217,312**	**1,414,487**	**2,117,184**	**406,491**	**51,412,675**
Accumulated depreciation and impairment losses							
1 Jan 2013	-	658,252	583,809	-	870,561	131,839	2,244,461
Charge for the year	-	323,257	318,148	-	460,326	82,930	1,184,661
31 Dec 2013	-	981,509	901,957	-	1,330,887	214,769	3,429,122
1Jan 2014	-	981,509	901,957	-	1,330,887	214,769	3,429,122
Charge for the year	-	325,186	327,707	-	199,414	46,296	898,603
Disposals	-	-	-	-	-	(2,800)	(2,800)
31 Dec 2014	**-**	**1,306,695**	**1,229,664**	**-**	**1,530,301**	**258,265**	**4,324,925**
Net Book Value							
At 1 Jan 2014	30,872,625	13,271,863	1,175,002	20,290	364,491	120,097	45,824,368
At 31 Dec 2014	**30,872,625**	**13,077,881**	**987,648**	**1,414,487**	**586,883**	**148,226**	**47,087,750**

11 Intangible Assets

	Group			Company
	Goodwill	Computer Software	Total	Computer Software
	N'000	N'000	N'000	N'000
Cost				
1 Jan 2013	1,974,756	90,899	2,065,655	86,899
Additions	-	1,155	1,155	-
Disposals	-	-	-	-
31 Dec 2013	**1,974,756**	**92,054**	**2,066,810**	**86,899**
Balance at 1 Jan 2014	1,974,756	92,054	2,066,810	86,899
Additions	-	6,128	6,128	-
Disposals	-	-	-	-
31 Dec 2014	**1,974,756**	**98,182**	**2,072,938**	**86,899**
Accumulated amortisation				
1 Jan 2013	-	18,227	18,227	17,228
Amortisation for the year	-	11,363	11,363	10,863
31 Dec 2013	**-**	**29,590**	**29,590**	**28,091**

	Group Goodwill	Group Computer Software	Total	Company Computer Software
Balance at January 1, 2014	-	29,590	29,590	28,091
Amortisation for the year	-	13,711	13,711	10,862
31 December 2014	**-**	**43,301**	**43,301**	**38,953**
Net Book Value				
1 January 2014	1,974,756	62,464	2,037,220	58,808
31 December 2014	**1,974,756**	**54,881**	**2,029,637**	**47,946**

The group determines at each reporting date whether there is any objective evidence that intangibel 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

11.1 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 as disclosed in Note 12. The goodwill amount relates to pre-existing goodwill from previous acquisition of Transcorp Hotels Calabar Limited. No additional goodwill was recorded in the period

In assessing goodwill for impairment at 31 December 2014 and 2013 , 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 2014	31 Dec 2013
Budgeted gross margin %	76%	66%
Weighted average growth rate	6%	6%
Pre-tax discount rate	17%	17%
Recoverable amount of CGU	3,565,145	3,565,145

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 2014 N'000	31 Dec 2013 N'000
Transcorp Hotels Calabar Limited (THCL)	1,974,756	1,974,756

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

12 Investment in Subsidiary

	Company	
	31 Dec 2014	31 Dec 2013
	N'000	N'000
Investment in Transcorp Hotels Calabar Limited	3,508,621	2,163,621
	3,508,621	**2,163,621**

Movement in investment in subsidiaries is analysed as follows:

	Company	
	31 Dec 2014	31 Dec 2013
	N'000	N'000
At beginning of year		
Additions - cost	2,163,621	2,163,621
At end of year	1,345,000	
	3,508,621	**2,163,621**

Addition in the year relates to the capitalisation of receivables from Transcorp Hotels Calabar Limited.

13 Investment Property

Investment property as at 31 December 2014 relates to the 10,141.19 Sq Meters of land situate, lying and being at Ikegwerre street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria, leased on 1 December 2014 for a period of two (2) years to Transcorp Hotels, Port Harcourt.

As at 31 December 2014, the rental income from investment properties amount to N333,000. No other expense was incurred in the year.

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	N'000	N'000	N'000	N'000
Investment Property (Land)	1,138,164	-	1,138,164	-
	1,138,164	**-**	**1,138,164**	**-**

14 Deferred Tax

Group	**Accelerated Tax Depreciation**	**Fair Value Gains on Revaluation**	**Provisions**	**Tax Losses Charged to P&L**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Opening balance - 1 Jan 2013	1,259,955	6,292,305	(576,125)	303,273	7,279,408
Charged to income statement (Note 9)	(142,620)	-	475,435	(6,243)	326,572
Adjustment to opening balance	-	(7,687)	-	-	(7,687)
As at 31 Dec 2013	1,117,335	6,284,618	(100,690)	297,030	7,598,293
Opening balance - 1 Jan 2014	1,117,335	6,284,618	(100,690)	297,030	7,598,293
Credited to income statement (Note 9)	(94,437)	-	-	-	(94,437)
As at 31 Dec 2014	**1,022,898**	**6,284,618**	**(100,690)**	**297,030**	**7,503,856**

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

Company	Accelerated Tax Depreciation N'000	Fair Value Gains on Revaluation N'000	Provisions N'000	Tax Losses Charged to P&L N'000	Total N'000
Opening balance - 1 Jan 2013	1,259,956	6,292,305	(576,125)	-	6,976,136
Charged/(Credited) to income statement (Note 9)	(142,620)	-	459,541	-	316,921
Adjustment	-	(6,956)	-	-	(6,956)
As at 31 Dec 2013	1,117,336	6,285,349	(116,584)	-	7,286,101
Opening balance - 1 Jan 2014	1,117,336	6,292,305	(123,540)	-	7,286,101
Credited to income statement (Note 9)	(70,947)	-	-	-	(70,947)
As at 31 Dec 2014	**1,046,389**	**6,292,305**	**(123,540)**	**-**	**7,215,154**

15 Inventories

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Food and beverage	149,318	148,244	125,249	137,587
Fuel	14,820	9,020	10,169	5,654
Engineering spares	571,562	627,523	566,435	624,540
Guest supplies	115,185	169,744	106,882	166,433
	850,885	954,531	808,735	934,214
Less impairment	(30,600)	(30,600)	(29,635)	(29,635)
	820,285	**923,931**	**779,100**	**904,579**

All inventory are stated at cost. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to N1.598 billion (Company N1.489 billion).

16 Trade and Other Receivables

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Trade receivables	1,373,197	1,323,932	1,242,136	1,196,475
Less: Provision for impairment of trade receivables	(148,653)	(140,562)	(128,661)	(119,933)
Trade receivables - net	1,224,544	1,183,370	1,113,475	1,076,542
Prepayments	321,004	56,876	314,131	56,876
Due from related companies (Note 20)	9,990,773	5,303,657	10,451,991	6,857,853
Other receivables	851,089	878,786	790,329	858,325
	12,387,410	**7,422,689**	**12,669,926**	**8,849,596**

17 Cash and Bank Balances

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Cash in hand	10,093	10,968	9,041	8,637
Cash in bank	2,678,485	8,627,886	2,615,884	8,581,165
	2,688,578	8,638,854	2,624,925	8,589,802

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

Cash and Bank balances	2,688,578	8,638,854	2,624,925	8,589,802
	2,688,578	**8,638,854**	**2,624,925**	**8,589,802**

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

18 Trade and Other Payables

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Trade payables	429,942	467,092	385,861	412,983
VAT payable	319,677	316,258	319,677	298,562
Accrued liabilities	4,408,662	700,580	4,283,267	645,230
Due to related parties (Note 20.2)	15,271	3,857,206	-	3,861,368
Deposits from guests	162,748	859,610	162,748	859,613
Deposit for shares	-	4,000,000	-	4,000,000
WHT Payable	1,846,705	1,514,874	1,842,501	1,513,708
Unearned income	92,331	52,217	92,331	50,869
Total	**7,275,336**	**11,767,837**	**7,086,385**	**11,642,333**

19 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 2014 and 31 December 2013

Group	31 Dec 2014 N'000	31 Dec 2013 N'000
Financial Assets	Loans and receivables	Loans and receivables
Trade and other receivables	12,387,410	7,422,689
Cash and cash equivalents	2,688,578	8,638,854
	15,075,988	16,061,543

	31 Dec 2014 N'000	31 Dec 2013 N'000
Financial Liabilities	Other Financial Laibilities	Other Financial Laibilities
Trade payables and other liabilities	7,275,336	11,767,837
	7,275,336	**11,767,837**

Company	31 Dec 2014 N'000	31 Dec 2013 N'000
Financial Assets	Loans and receivables	Loans and receivables
Trade and other receivables	12,669,926	8,849,596
Cash and cash equivalents	2,624,925	8,589,802
	15,294,851	17,439,398

	31 Dec 2014 N'000	31 Dec 2013 N'000
Financial Liabilities	Other Financial Laibilities at Ammortised Cost	Other Financial Laibilities at Ammortised Cost
Trade payables	385,861	412,983
Intercompany payables	-	3,861,368
	385,861	4,274,351

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

20 Related Party Transactions

The parent company of the company is Transnational Corporation of Nigeria Plc. The company is owned by Nigerian citizens. Heirs Holding Nigeria Limited has controlling power in Transnational Corporation of Nigeria hence is the ultimate holding company of the Group.

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:

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Sales to Transnational Corporation of Nigeria Plc (Holding Company)	66,869	63,416	65,659	63,416
Afriland Properties Plc (Related Party)	103,885	30,000	103,885	30,000
Heirs Holdings (Related Party)	16,217	10,539	16,083	10,539
Avon Healthcare Limited (Related Party)	11,384	8,182	8,182	8,182

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

20.1 Receivables from Related Parties

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Transnational Corporation Nigeria Plc (Holding company)	5,967,018	3,478,110	5,966,484	3,478,110
Due from: Heirs Holding Nigeria Limited	2,290,022	10,639	2,290,022	10,639
Due from: Transcorp Hotel Calabar-Subsidiary	-	-	461,752	1,554,196
Due from: Transcorp Ughelli Power Plant (fellow subsidiary)	1,710,210	-	1,710,210	-
Due from: Teragro Commodities Limited (fellow subsidiary)	6,334	-	6,334	-
Due from: Transcorp Energy Limited (fellow subsidiary)	15,525	-	15,525	-
Due from: Transcorp OPL 281 Limited (fellow subsidiary)	1,664	-	1,664	-
Due from intercompany projects	-	1,814,908	-	1,814,908
	9,990,773	5,303,657	10,451,991	6,857,853

20.2 Long-Term Intercompany Receivables

Long term Intercompany Receivables	1,616,010	-	1,616,010	-

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

20.3 Payable to Related Parties

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Payable to Transcorp Plc (Parent)	15,271	1,956,096	-	1,956,096
Payable to Hilton LLC (Associate)	-	48,910	-	48,910
Payable to THCL (Subsidiary)	-	-	-	4,162
Payable to BPE/MOFI (Shareholder)	-	1,852,200	-	1,852,200
	15,271	3,857,206	-	3,861,368

Loans are interest free and are repayable on demand by Transcorp Hotels Plc.

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

21 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 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Managerial	32	28	22	21
Senior staff	182	63	163	42
Others	1,398	1,570	1,330	1424
	1,612	1,661	1,515	1,487
N240,001 - N500,000	767	747	704	596
N500,001 - N1,000,000	631	715	611	694
N1,000,001 - N2,000,000	153	106	149	104
N2,000,001 - N4,000,000	35	61	30	61
Above N5,000,000	26	32	21	32
	1,612	1,661	1,515	1,487

Staff costs for the above persons (excluding Directors):	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Salaries and wages	2,175,015	1,615,599	2,036,472	1,496,929
Gratuity termination and severance pay	-	368,647	-	356,643
Pension cost	144,474	112,535	141,319	109,352
	2,319,489	2,096,782	2,177,791	1,962,924
Analysis of staff costs:				
Cost of sales	1,199,334	1,129,910	1,114,842	1,049,331
Administrative and general expenses	1,120,155	966,872	1,062,949	913,593
	2,319,489	2,096,782	2,177,791	1,962,924

Emoluments of Directors	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
The remuneration paid to the Directors of the Company was:				
Salaries	93,532	88,348	93,532	88,348
Fees	64,921	64,016	64,471	64,016
Exit package	28,373	83,280	28,373	83,280
Benefit in kind	51,229	-	51,229	-
	238,055	235,644	237,605	235,644
Amount paid to the highest paid director (excluding pension contributions)	52,537	65,750	52,537	65,750
Chairman's emoluments				
Fees	13,592	13,988	13,592	13,988
Others	9,000	11,220	9,000	11,220
	22,592	25,208	22,592	25,208

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

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Less than N700,000	7	7	7	7
Over N700,000	2	1	2	1
	9	8	9	8

NOTES TO THE FINANCIAL STATEMENT *(Contd)*

22 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 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Salaries and other short-term employee benefits	97,531	221,283	97,531	99,480
Post employment benefits	-	14,904	-	2,899
	97,531	236,187	97,531	102,379

23 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 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Profit attributable to owners	3,220,614,800	4,409,305,000	3,330,290,000	4,447,797,000
Weighted average number of ordinary shares in issue	5,423,866,992	5,000,000	5,423,866,992	5,000,000
Basic Earnings per share (Kobo)	**59**	**88,186**	**61**	**88,956**
Diluted Earnings per share (Kobo)	**59**	**88,186**	**61**	**88,956**

Weighted Average Computation

No of share	Period	Weighted average
10,000,000	12	10,000,000
7,172,000,000	9	5,379,000,000
418,403,900	1	34,866,992
7,600,403,900		5,423,866,992

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
PAT (N'000)	3,220,615	4,409,305	3,330,290	4,447,797
Basic (Kobo)	59	88,186	61	88,956
Diluted (Kobo)	59	88,186	61	88,956
Basic EPS as restated (Kobo)	59	81	61	82

24 Share Capital

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Authorised:				
15,000,000,000 ordinary shares of 50k each	7,500,000	10,000	7,500,000	10,000
Issued, called up and fully paid:				
7,600,403,900 ordinary shares of 50k each	3,800,202	5,000	3,800,202	5,000

Share premium	31 Dec 2014 N'000	31 Dec 2013 N'000
At 1 January	-	-
Initial Public Offer	3,974,837	-
Right issue	3,984,000	-
Bonus shares	(3,570,000)	-
Share issue expense	(354,426)	-
At 31 December	4,034,411	-

Initial Public Offer for Transcorp Hotels Plc. (THP)

The authorized share capital of Transcorp Hotels Plc was increased in March 2014 from N10 million (made up of 10,000,000 ordinary shares of N1 each) to N30 million (made up of 30,000,000 ordinary shares of N1 each) by the creation of an additional 20,000,000 ordinary shares of N1each. The Company's authorized share capital was subsequently increased in June 2014, to N7.5 billion (made up of 15,000,000,000 ordinary shares of 50 kobo each) by the creation of an additional 14,940,000,000 ordinary shares of 50 kobo.

In September 2014, Transcorp Hotels Plc declared an initial public offering of 800 million ordinary shares of 50 kobo each at N10 per share. The offer was not fully subscribed; a total of 418,403,900 of 50k per share was sold for N10. Total proceeds from the public offer was N4,184,039,000 out of which N354,426,405 was incurred on share issue expenses. These expenses have been netted off with the proceeds resulting in a net proceeds of N3,829,612,595 The ordinary shares issued have the same rights as the other shares in issue.

25 Cash Generated from Operating Activities

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Profit after tax	4,262,271	5,719,176	4,368,242	5,760,960
Adjustment for non cash items				
Depreciation of fixed assets	1,026,083	1,302,864	898,603	1,184,660
Amortisation of intangible assets	13,711	11,363	10,862	10,863
Fixed asset impairment and write off	30,488	-	-	-
Profit on disposal of property plant and equipment	(541)	(346)	(541)	(346)
Other adjustments to reconcile expenses for the year to cash from operating activities				
Increase in investment in subsidiary	-	-	(1,345,000)	-
Increase in debtors and prepayment	(4,964,721)	(2,274,480)	(3,820,330)	(2,337,401)
Increase in long term receivables	(1,616,010)	-	(1,616,010)	-
Decrease in inventory	103,646	62,378	125,479	65,303
(Decrease)/Increase in payables and accrued expenses	(7,309,665)	1,688,377	(7,368,097)	1,508,044
Decrease in retirement benefit obligation	-	(1,752,796)	-	(1,556,386)
Net cash generated from operations	**(8,454,738)**	**4,756,536**	**(8,746,792)**	**4,635,697**

In the statement of cash flows, proceeds from sale of property plant and equipment comprise:

Net book amount	-	2,690	-	2,690
Profit on disposal of property plant & equipment	541	346	541	346
Proceeds from sale of property plant and equipment	**541**	**3,036**	**541**	**3,036**

26 Capital Commitments

The group and company has committed N 1.7 billion (2012: N507 million) in capital expenditure for hotel expansion.

27 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 defense against the claims and no material loss is anticipated.

28 Dividend Per Share

The interim dividends paid in 2014 and 2013 were N2,812,147 (37k per share) and N4,200,000 (84,000k per share) respectively.

An interim dividend in respect of the year ended 31 December 2014 of 37k per share amounting to a total dividend of N2,812,149,433 was proposed at the 48th meeting of the Board of Directors of Transcorp Hotels Plc held on 17 December 2014.

29 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			
	2014 N'000	%	2013 N'000	%	2014 N'000	%	2013 N'000	%
Revenue	15,104,796		15,348,722		14,486,575		14,768,454	
Other income	417,222		449,491		414,891		449,491	
	15,522,018		15,798,213		14,901,466		15,217,945	
Bought in services								
- Foreign	(2,894,578)		(1,245,908)		(2,620,171)		(1,023,914)	
- Local	(1,929,719)		(830,605)		(1,746,781)		(682,609)	
	(4,824,297)		(2,076,513)		(4,366,952)		(1,706,523)	
Value added	**10,697,721**	**100%**	**13,721,700**	**100%**	**10,534,514**	**100%**	**13,511,422**	**100%**
Distribution								
Employees								
Salaries and benefits	2,319,489	22%	2,096,782	15%	2,177,791	21%	1,962,924	15%
Provider of funds								
Dividend	2,812,149	26%	4,200,000	31%	2,812,149	27%	4,200,000	30%
Government								
Taxation	1,319,385	12%	1,712,749	15%	1,315,681	12%	1,716,041	13%
The Future								
Depreciation	1,026,083	10%	1,302,864	9%	898,603	8%	1,184,660	9%
Retained profit	3,220,615	30%	4,409,305	30%	3,330,290	32%	4,447,797	33%
	10,697,721	**100%**	**13,721,700**	**100%**	**10,534,514**	**100%**	**13,511,422**	**100%**

5-YEAR SUMMARY

The Group	2014 N'000	2103 N'000	2012 N'000	2011 N'000	Prepared under local GAAP 2010 N'000
Balance sheet					
Non-current asset	53,727,574	49,604,610	50,470,194	47,433,601	6,434,622
Current asset	15,896,273	16,985,474	11,264,473	13,773,330	15,100,923
Current liabilities	(10,367,921)	(15,477,800)	(10,112,811)	(7,523,097)	(11,484,526)
Non-current liabilities	(7,503,856)	(7,598,293)	(8,317,170)	(8,909,671)	(2,395,751)
Net assets	**51,752,070**	**43,513,991**	**43,304,686**	**44,774,163**	**7,655,268**
Capital and reserves					
Share capital	3,800,202	5,000	5,000	5,000	5,000
Share premium	4,034,411	-	-	-	-
Revenue reserves	43,917,457	43,508,991	43,299,686	44,769,163	7,650,268
	51,752,070	**43,513,991**	**43,304,686**	**44,774,163**	**7,655,268**
Comprehensive income					
Revenue	15,104,796	15,384,722	13,258,127	13,724,724	13,641,192
Profit before taxation	4,540,000	6,122,054	4,049,543	5,425,878	6,001,262
Taxation	(1,319,385)	(1,712,749)	(1,139,749)	1,531,142	(1,547,499)
Profit after taxation	**3,220,615**	**4,409,305**	**2,909,794**	**6,957,020**	**4,453,763**
Other comprehensive income for the year, net of tax	-	-	180,919	-	-
Total comprehensive income for the year, net of tax	3,220,615	4,409,305	3,090,713	6,957,020	4,453,763
Basic earnings per share (Kobo)	59	88,186	58,196	139,140	89,075
Company					
Balance sheet					
Non-current asset	53,398,491	48,046,797	48,867,133	47,433,601	6,434,622
Current asset	16,073,951	18,343,977	12,610,725	13,773,330	15,100,923
Current liabilities	(10,167,820)	(15,362,959)	(10,166,454)	(7,523,097)	(11,484,526)
Non-current liabilities	(7,215,154)	(7,286,101)	(7,817,487)	(8,909,671)	(2,395,751)
Net assets	**52,089,468**	**43,741,714**	**43,493,917**	**44,774,163**	**7,655,268**
Capital and reserves					
Share capital	3,800,202	5,000	5,000	5,000	5,000
Share premium	4,034,411	-	-	-	-
Revenue reserves	44,254,855	43,736,714	43,488,917	44,769,163	7,650,268
	52,089,468	**43,741,714**	**43,493,917**	**44,774,163**	**7,655,268**
Comprehensive income					
Revenue	14,486,575	14,768,454	12,755,193	13,724,724	13,641,192
Profit before taxation	4,645,971	6,163,838	4,250,106	5,425,878	6,001,262
Taxation	(1,315,681)	(1,716,041)	(1,151,081)	1,531,142	(1,547,499)
Profit after taxation	**3,330,290**	**4,447,797**	**3,099,025**	**6,957,020**	**4,453,763**

The balances for 2014, 2013, 2012 and 2011 have been stated in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standard Board (IASB). For the year ended 31 December 2010, the balances have been stated in accordance with local General Accepted Accounting Practice (Local GAAP).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting ("AGM") of Transcorp Hotels Plc ("the Company") will be held at Transcorp Hilton Hotel, 1 Aguiyi Ironsi Street, Maitama, Abuja FCT on Wednesday, April 15 2015 at 10.00 am in order to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31 2014 and the Reports of the Directors and Auditors thereon;

2. To declare a dividend;

3. To re-elect retiring Directors and ratify the appointment of Directors;

4. To authorise the Directors to determine the remuneration of the Auditors;

5. To elect members of the Audit Committee.

SPECIAL RESOLUTION

To consider and if thought fit, pass the following resolutions:

1. That on the recommendation of the Board of Directors and subject to obtaining regulatory approvals, including but not limited to the Securities & Exchange Commission, the Board of Directors be and hereby authorized to invest in or acquire or divest from any business entity or venture in furtherance to the objects of the Company.

2. That subject to regulatory approval, the Directors be and are hereby authorized to appoint such advisers, professionals and parties that they necessary, upon such terms and conditions that the Directors may deem appropriate with regard to the aforementioned investments, acquisitions and divestments.

3. That the Directors be and are hereby empowered and authorized to carry out as they deem appropriate and in accordance with any relevant laws thereto, any actions, including but not limited to restructuring, reorganization, reconstruction and business arrangement exercises and actions for the Company as may be necessary to achieve competitive business advantage across the Company and its Group, and/or comply with any legislation and/or directives and guidelines from the Securities and Exchange Commission or other regulatory agencies.

4. That the Directors be and hereby authorized to take all steps and do all acts that they deem necessary for the successful implementation of the above stated resolutions.

By order of the Board

Helen Iwuchukwu
Company Secretary
Transcorp Hotel Plc
1, Aguiyi Ironsi Street
Maitama, Abuja

NOTES

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. A proxy need not be a member of the Company. A proxy form must be completed and deposited at the registered 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.

AUDIT COMMITTEE

Pursuant to Section 359(5) of the Companies and Allied Matters Act, Cap C20, LFN, 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 AGM. The Securities & Exchange Commission's Code of Corporate Governance for Public Companies has indicated 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.

DIVIDEND

If the dividend recommended by the Directors is approved by members at the AGM, Dividend of 37 Kobo for every 50 Kobo ordinary share will be paid by April 17, 2015 to the shareholders whose names appear in the Company's Register of Members as at the close of business on March 27, 2015.

E-DIVIDEND

Notice is hereby given to all Shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend. A detachable application form for e-dividend.is attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrars as soon as possible.

CLOSURE OF REGISTER

The Register of Members and Transfer Books will be closed from March 30 2015 to April 3 2015, both days inclusive, for the purpose of qualifying for dividend and attendance at the AGM.

E-REPORT

In order to improve delivery of our Annual Report, we have inserted a detachable Form in the Annual Report and hereby request Shareholders who wish to receive the Annual Report in an electronic format to complete and return the Form to the Registrars for further processing.

In addition, Annual Reports are available online for viewing and download from our website at www.transcorphotelsplc.com

PROXY FORM

FIRST ANNUAL GENERAL MEETING TO BE HELD AT 10.00 AM ON WEDNESDAY, 15 APRIL 2015 AT CONGRESS HALL, TRANSCORP HILTON ABUJA, 1 AGUIYI IRONSI STREET, ABUJA FCT	RESOLUTION	FOR	AGAINST
I/WE ____ ____ being a member/members of TRANSCORP HOTELS PLC, hereby appoint: ____ ________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 First Annual General Meeting of the Company to be held on Wednesday, April 15, 2015 and at any adjournment thereof.	To receive the Audited Financial Statements for the year ended December 31 2014, together with the Report of the Directors, Auditors and Audit Committee thereon.		
	To approve a dividend		
	To re-elect Olorogun O'tega Emehor as a Director To ratify the appointment of Mr. Emmanuel N. Nnorom as a Director. To ratify the appointment of Mr. Peter Elumelu as a Director. To ratify the appointment of Mr. Omoniyi Fagbemi as a Director.		
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.	To authorize Directors to fix the remuneration of the Auditors.		
	To elect/members of the Audit Committee.		
Please sign this proxy form and forward it, so as to reach the registered office of the Registrar, Africa Prudential Registrars Plc, 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.	That on the recommendation of the Board of Directors and subject to obtaining regulatory approvals, including but not limited to the Securities & Exchange Commission, the Board of Directors be and hereby authorized to invest in or acquire or divest from any business entity or venture in furtherance to the objects of the Company		
	That subject to regulatory approval, the Directors be and are hereby authorized to appoint such advisers, professionals and parties that they necessary, upon such terms and conditions that the Directors may deem appropriate with regard to the aforementioned investments, acquisitions and divestments.		
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.	That the Directors be and are hereby empowered and authorized to carry out as they deem appropriate and in accordance with any relevant laws thereto, any actions, including but not limited to restructuring, reorganization, reconstruction and business arrangement exercises and actions for the Company as may be necessary to achieve competitive business advantage across the Company and its Group, and/or comply with any legislation and/or directives and guidelines from the Security and Exchange Commission or other regulatory agencies.		
The Proxy must produce the Admission Card below to gain entrance into the Meeting.	That the Directors be and hereby authorized to take all steps and do all acts that they deem necessary for the successful implementation of the above stated resolutions		
	Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.		

....

TRANSCORP HOTELS PLC First Annual General Meeting	____ Name of Shareholder
ADMISSION CARD	____ Address of Shareholder
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 Wednesday, 15 April 2015 at Congress Hall, Transcorp Hilton, 1 Aguiyi Ironsi Street, Maitama, Abuja. FCT This admission card must be produced by the Shareholder in order to gain entrance into the Annual General Meeting.	____ 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
2. ABBEY BUILDING SOCIETY PLC
3. AFRILAND PROPERTIES PLC
4. A & G INSURANCE PLC
5. ARM PROPERTIES PLC
6. A.R.M LIFE PLC
7. ADAMAWA STATE GOVERNMENT BOND
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPPA AND D'ALBERTO PLC
13. CEMENT COY OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. COMPUTER WAREHOUSE GROUP
17. EBONYI STATE GOVERNMENT BOND
18. GOLDEN CAPITAL PLC
19. INFINITY TRUST SAVINGS & LOANS
20. INTERNATIONAL BREWERIES PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KEBBI STATE GOVERNMENT BOND
24. NEM INSURANCE PLC
25. NEXANS KABLEMETAL NIG. PLC
26. OMOLUABI SAVINGS AND LOANS PLC
27. PERSONAL TRUST & SAVINGS LTD
28. P.S MANDRIDES PLC
29. PORTLAND PAINTS & PRODUCTS NIG. PLC
30. PREMIER BREWERIES PLC
31. RESORT SAVINGS & LOANS PLC
32. ROADS NIGERIA PLC
33. SCOA NIGERIA PLC
34. TRANSCORP PLC
35. TOWER BOND
36. THE LA CASERA CORPORATE BOND
37. UAC OF NIG. PLC
38. UBA BALANCED FUND
39. UBA BOND FUND
40. UBA CAPITAL PLC
41. UBA EQUITY FUND
42. UBA MONEY MARKET FUND
43. UNITED BANK FOR AFRICA PLC
44. UNIC INSURANCE
45. UPDC
46. UTC NIGERIA PLC
47. WEST AFRICAN GLASS IND PLC

OTHERS: ______________________________

____

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: 19. *BANK:

Must be NUBAN

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

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@africaprudentialregistrars.com | WEBSITE: www.africaprudentialregistrars.com
Africa Prudential Registrars