

transcorp Hotels

2021

ANNUAL REPORT
AND FINANCIAL
STATEMENTS



Redefining
Hospitality

H ANNUAL GENERAL M

Date: Monday, April 2021. Time



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Recovering Growth



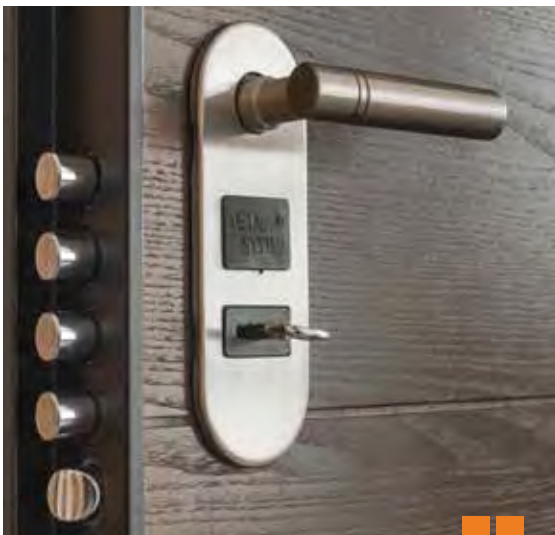
Through innovation

The strength of our ideas and speed of adaptation to meet new realities, ensure our ability to remain relevant and thrive in the face of challenges.



Safety Assurance

Whether in health and safety or security, the confidence of our guests in our ability to protect them keeps growing and gives them peace of mind at all our touch points.





Working Together

We have a culture that prioritizes the well-being of our Team Members, as they work to ensure the timely execution of strategies that help us deliver value to all stakeholders.

With Communities where we operate

Through partnerships with different Foundations and Non-Governmental Organisations, we support members of our communities.

Overview



Company Overview



About Transcorp Hotels

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

Transcorp Hotels Plc. aims to build choice hospitality assets across Africa, building a strong footprint in the most populous cities across West Africa. As the pride and pearl of the Nigerian hospitality industry, with a multiple award-winning property in Abuja, the Transcorp Hilton Abuja; another award-winning destination hotel in Calabar, Transcorp Hotels Calabar, and planned properties in both 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 positions the Company as a key industry player on the continent.

In 2021, Transcorp Hotels Plc. launched Aura by Transcorp Hotels, an online platform for booking unique accommodation, ordering great meals, and memorable lifestyle experiences.

With multiple local and international awards won every year, Transcorp Hotels Plc. continues to set the pace in hospitality excellence in Nigeria and Africa at large.

Our Philosophy

Our philosophy is based on the principle of Africapitalism, which posits that the private sector is the key to unlocking Africa's economic and social potential.

Africapitalism is a call to action for businesses to promote development in communities and nations they operate in, which will ultimately help businesses become more profitable, provide a healthy and educated workforce and create entrepreneurs who become suppliers and service providers.

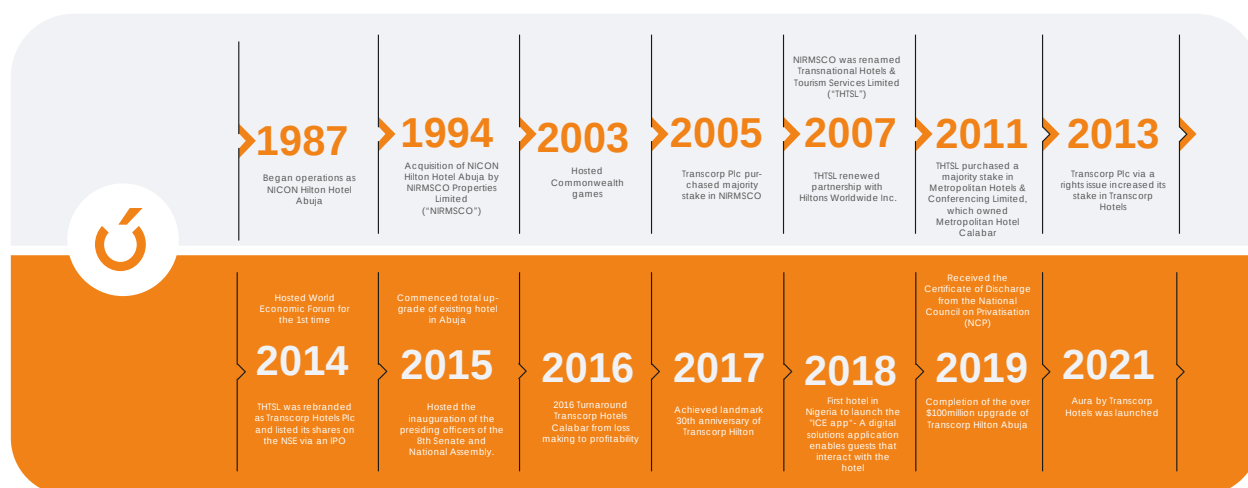


The future we
all want for
ourselves is
one of our own
making.



Tony O. Elumelu, CON
Chairman, Transcorp

History and Events



Vision

To be Africa's leading hospitality brand

Mission

To Redefine Hospitality in Africa through Innovation & Exceptional Service, Creating Value for Our Customers & Other Stakeholders.

Our Core Values

Our values drive us towards a common sense of purpose to create long-lasting value for our stakeholders. These values which are deeply rooted in our employees are the bedrock of our business beliefs, practices, culture and philosophies, that have been tested and proven over time to bring out the best in us.



Enterprise:

We set ourselves apart with our entrepreneurial and innovative mindset, willing to always go the 'extra mile' to exceed our customers' expectations.



Execution:

We are committed to seeing things through to completion in a timely, effective and efficient manner, in order to deliver exceptional results.



Excellence:

We are driven by the desire to consistently deliver memorable experiences to our customers.



Corporate Goals

A. Owning Choice Asset

- To ensure our hotels are among the top 5 in Africa in terms of sustainable profitability, revenue growth, and increased market value.
- To own and build world-class hotels in key African cities with contemporary leisure, business and conferencing facilities.
- To expand across Africa through our assetlight business, Aura by Transcorp Hotels.
- Remaining truly and authentically African.

B. Providing Extraordinary Service

- To constantly anticipate our guests and clients' needs and develop bespoke products and excellent services that meet their preferences.
- To continuously improve the satisfaction of our guests and clients by creating unique and memorable experiences.

C. Redefining Hospitality Standards in Africa

- To sustain our reputation as an awardwinning brand in Africa.
- To reflect the rich African culture in our hospitality, décor, leisure, and entertainment.
- To innovate a variety of African culinary offerings while providing quality continental cuisines.

D. Our Businesses

With hospitality experience spanning over 3 decades, Transcorp Hotels brands are individually distinctive and collectively powerful. Our growing portfolio of awardwinning and innovative brands is paving the way for a superior guest experience across all our touchpoints.



Transcorp Hilton Abuja



Transcorp Hilton Abuja is one of the largest hotels in Sub Saharan Africa, with 670 rooms, providing 5-star hospitality, leisure and entertainment facilities targeted at individuals and corporate bodies with a taste for luxury and upscale products.

The hotel has 10 floors for guest room accommodation, 2 mezzanine floors for meeting rooms and offices and a ground floor with shops, the main swimming pool with a bar and grill, lobby, reception, pastry corner, Zuma Grill and Bukka Restaurant. The hotel also has a one-storey Congress Hall attached to the hotel by a covered walkway. The Congress Hall was designed to seat 1,200 people in theatre style.

The hotel runs efficiently, operating like a small city with its water-works, security, fire detection and fire-fighting systems, engineering and automobile workshop, plant nursery, medical clinic as well as powerful systems to manage waste disposal, transportation and power generation. The 670 rooms include the 104 executive floor rooms and suites. The hotel room facilities include a private bath, individually controlled air-conditioning, mini-bar, direct telephones with voice mail, radio, interactive and satellite TV, electronic in-room safe, tea/coffee making facilities, high-speed internet access, non-smoking rooms, and rooms for people with special needs.

The hotel provides a large selection of recreational activities, such as three tennis courts, three air-conditioned squash courts with a glass back, badminton, basketball and volleyball courts, a mini-golf course, children's playground, fitness center equipped with modern cardio and strength training equipment, a hexagonal outdoor swimming pool, a children's wading pool, and an aerobics studio.

Other hotel services include a shopping arcade, parking facilities, babysitting services (on request), simultaneous translation, express laundry and dry-cleaning services, beauty salon, international and local airline desks, handicraft village, and casino.

Transcorp Hilton Abuja is a member of the Hilton family of brands, one of the best-known hotel brands in the world. For more than 100 years, the Hilton brand has been synonymous with excellence in the hospitality industry and in line with its excellent pedigree, Transcorp Hilton Abuja has remained a leader within Sub-Saharan Africa for over three decades.

Transcorp Hotels Calabar

With a fresh, relaxed, contemporary style inspired by the scenic beauty of Calabar, Transcorp Hotels Calabar remains the city's most welcoming hotel, a reputation built over 42 years.

The property is conveniently located in the heart of Cross River's capital city, Calabar, placing guests at the centre of everything, from business clients to numerous tourist attractions.

Over the years, Transcorp Hotels Calabar has established a name for itself as Calabar's premier destination hotel, providing premium hospitality services to guests, while reflecting the rich culture and history of the region, creating unforgettable experiences for discerning travelers.

The hotel has 130 rooms and suites which are tastefully designed and carefully fitted for a comfortable business and recreational experience. The rooms range from classic to executive suites and poolside chalets. The ambiance of our property makes Transcorp Hotels Calabar the perfect getaway for business and leisure travelers.

As industry leaders in the hospitality sector, the hotel offers an array of venues that positions it perfectly for a variety of occasions. Transcorp Hotels Calabar, prides itself in offering custom-crafted conferencing, events and recreational facilities to delight customers. Other facilities within the hotel include swimming pool, fine-dining, 24-hour room service, a fitness centre, laundry services, complimentary airport pick-up, complimentary Wi-Fi in all guest rooms and guest discounts with local merchants.



aura by Transcorp Hotels



Since July 2021, we have been creating memorable experiences for our guests. Whether they are visiting an aura location for work or pleasure.

Aura's accommodation inventory includes hotels, short let apartments, as well as restaurants spread across different regions in Nigeria. Aura provides a great selection of exquisite properties at the best prices, carrying out verification on all listings on the platform to ensure that guests are choosing from the right pool of options.

Using our verified accommodation as anchors, we have continued to serve guests, from around the country and we continue to deepen our coverage and offerings across key cities in Nigeria to democratise access to luxurious hospitality and bring memorable experiences to people's finger tips.

Results at a Glance



For the year ended 31 December	Group		
	2021 N'Million	2020 N'Million	± Variance (%)
Gross earnings*	22,676	10,382	+118%
Cost of Sales	(5,513)	(3,489)	-58%
Gross Profit	17,163	6,893	+149%
Administrative Expenses	(11,428)	(8,289)	-38%
Termination/Retirement Benefits	-	(2,238)	-
Finance cost	(4,073)	(5,306)	+23%
Profit/(Loss) Before Tax	1,663	(8,940)	+1,119%
Profit/(Loss) After Tax	1,117	-6,276	+1,118%
As at 31 December			
Non-Current Assets	106,246	107,929	-2%
Current Assets	9,644	4,994	+93%
Total Assets	115,890	112,923	+3%
Share Capital	5,121	5,121	-
Shareholders Fund	62,220	61,103	+2%
Number of Employees	998	768	+30%

For the year ended 31 December	Company		
	2021 N'Million	2020 N'Million	± Variance %
Gross earnings*	21,184	9,870	+115%
Cost of Sales	(5,212)	(3,276)	-59%
Gross Profit	15,972	6,594	+142%
Administrative Expenses	(10,787)	(7,793)	-38%
Termination/Retirement Benefits	-	(2,238)	-
Finance cost	(4,073)	(5,306)	+23%
Profit/(Loss) Before Tax	1,112	(8,743)	+1,113%
Profit/(Loss) After Tax	574	(6,131)	+1,109%
As at 31 December			
Non-Current Assets	103,290	105,561	-2%
Current Assets	9,667	4,996	+93%
Total Assets	112,957	110,556	-2%
Share Capital	5,121	5,121	-
Shareholders Fund	62,018	61,443	-1%
Number of Employees	929	660	+41%
Per Share data			
Earnings per share (Kobo)	6	(75)	1,108%
Net assets per share (Kobo)	6	6	-

*Gross earnings include other income and finance income.

Officers and Professional Advisers

Group Company Secretary
Mrs. Kofo Olokun-Olawoyin

Registered Office
1 Aguiyi Ironsi Street Maitama, Abuja
PMB 200, Maitama Abuja.

Registration number
RC 248514

Auditors
Deloitte & Touché
Civic Towers,
Plot GA 1 Ozumba Mbadiwe Avenue,
Victoria Island,
Lagos, Nigeria.

Bankers
United Bank for Africa Plc.
UBA House,
57, Marina,
Lagos, Nigeria.

Registrars
Africa Prudential Plc.
220B Ikorodu Road,
Palmgrove, Lagos, Nigeria.



Board of Directors



Emmanuel N. Nnorom
Chairman



Dupe Olusola
Managing Director/CEO



Owen Omogiafo
Non-Executive Director



Helen Iwuchukwu
Non-Executive Director



Peter Elumelu
Non-Executive Director



Alex Okoh
Non-Executive Director



Alexander Adeyemi
Non-Executive Director



Bolanle Onogoruwa
Independent Non-Executive
Director

Hajia Saratu Umar (Independent Non-Executive Director, Resigned 26th April 2021).

Valentine Ozigbo (Non-Executive Director, Resigned 27th April 2021).

Directors' Profile



Emmanuel N. Nnorom
Chairman

(Appointed to the Board in January 2014)

Mr. Emmanuel Nnorom is the Chief Executive Officer of Heirs Holdings Group and sits on several boards including Transcorp Hotels Plc, where he is the chairman.

Prior to his appointment, Emmanuel was President/CEO of Transnational Corporation of Nigeria Plc. He has served in other management roles such as President/Chief Operating Officer (COO) of Heirs Holdings Group, and COO of United Bank for Africa where he oversaw the bank's operations outside Nigeria and executed corporate strategy in 18 African countries.

Emmanuel is a Chartered Accountant with over three decades of professional experience in the corporate and financial sectors, working with publicly listed companies. He is an alumnus of Oxford University's Templeton College, a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Bankers of Nigeria (CIBN).



Dupe Olusola
Managing Director/CEO

(Appointed to the Board in March 2020)

Mrs. Dupe Olusola is the Managing Director/CEO of Transcorp Hotels Plc. where she oversees the Company's strategic objectives through its subsidiaries; Transcorp Hilton Abuja, Transcorp Hotels Calabar and its digital hospitality platform, Aura by Transcorp Hotels.

Prior to joining Transcorp Hotels, Dupe was the Group Head, Marketing for United Bank for Africa Plc. In UBA, she also served as the Group Head Embassies, Multilaterals and Development Organizations (EMDOs) and Global Investors Services (GIS).

Before joining UBA, Dupe had a distinguished career as the Managing Director/CEO of Teragro Commodities Limited (an indigenous agricultural company) where she spearheaded a partnership with Coca Cola to produce Five Alive Pulpy Orange Juice, making Teragro the sole local material source for the juice in Nigeria.

Dupe is a thoroughbred professional with over 2 decades experience spanning various sectors. She studied Economics at the University of Leicester, United Kingdom and obtained her M.Sc. in Development Economics from the University of Kent. She is also Prince 2, PMP and Investor Management Certified (all UK).



Owen Omogiafo
Non-Executive Director

(Appointed to the Board in January 2019)

Mrs Owen Omogiafo is the President/GCEO of Transnational Corporation of Nigeria Plc.(Transcorp) and serves on the Board of Transcorp Hotels Plc.

Owen has over two decades of corporate experience in organisational development, human capital management, banking, change management, hospitality, and energy. She was the Chief Operating Officer at the Tony Elumelu Foundation, before joining the Transcorp Group, where she oversaw the \$100m Programme aimed at identifying, mentoring, and funding 10,000 entrepreneurs over 10 years. She also worked as the Director of Resources at Heirs Holdings Limited, a family-owned investment company chaired by Tony O. Elumelu, CON. Her experience equally includes working at the United Bank for Africa Plc as HR Advisor to the GMD/CEO, and at Accenture as an Organisation and Human Performance Consultant, specializing in Change Management.

She earned a B.Sc. in Sociology & Anthropology from the University of Benin, an M.Sc. in Human Resource Management from the London School of Economics and Political Science. She is also an alumnus of the Lagos Business School and IESE Business School, Spain. She is a member of the Chartered Institute of Personnel and Development, UK, a certified Change Manager with the Prosci Institute, USA, a member of the Chartered Institute for Personnel Development, Nigeria, a member of the Institute of Directors (IoD) Nigeria and a member of the Board of Avon Healthcare Limited.



Helen Iwuchukwu
Non-Executive Director

(Appointed to the Board in February 2020)

Mrs. Helen Iwuchukwu is a legal practitioner with over 25 years' experience. She is passionate about helping organisations resolve complex corporate challenges, manage change and improve operational efficiency. As a consultant, she advises and works with organisations to help them improve their business performance in operations, legal, corporate governance, and governance structures.

Prior to Consulting and Advisory, Helen served in various capacities including being Executive Director/Chief Operating Officer of Transcorp Hotels Plc., Group Company Secretary, and the Company Secretary / Legal Adviser for Transcorp Group, covering all subsidiary companies within the group having joined in 2006. Before her time at Transcorp, she practiced law both in Nigeria and in the United Kingdom.

Helen earned an LL.B (Hons) degree from Abia State University, she got called to the Nigerian Bar in 1993 (BL Hons) and holds a Master of Laws degree (LLM) from Middlesex University Business School, London. She is a specialist in Employment Law. She is a member of the Institute of Directors (IoD) Nigeria.



Peter Elumelu
Non-Executive Director

(Appointed to the Board in November 2014)

Mr. Peter Elumelu is an astute businessman with over 3 decades of professional experience cutting across the private and public sectors of the economy. He currently sits on the Board of several companies including Africa Prudential Plc., and Pet Jibson & Company Limited, where he is the Chairman/CEO.

Prior to his appointment, Peter was the Chairman, Board of Directors of Delta State Urban Water Board, Asaba.

Peter earned a Bachelor of Science degree in Business Management from Rivers State University of Science and Technology, Port Harcourt, a Bachelor of Law (LLB) from National Open University of Nigeria and a Master of Science in Financial Management Technology from Federal University of Technology Owerri (FUTO). He has also taken several courses on corporate governance and risk management. He is a Fellow of the Institute of Directors (IoD) Nigeria.



Alex Okoh
Non-Executive Director

(Appointed to the Board in April 2017)

Mr. Alex Okoh is the Director-General of the Bureau of Public Enterprises (BPE) and a member of the Presidential Economic Advisory Council. Until this appointment by the Federal Government on April 13, 2017, he was the Managing Partner of Ashford & McGuire Consulting Ltd.

Alex has over 35 years' experience, of which 22 were in the banking industry where he had a distinguished career as Managing Director/CEO of NNB International Bank Plc. from 2001 to 2006, where his visionary leadership took the bank from a comatose state to a position of enhanced value for stakeholders. Alex has over 10 years' experience in management consultancy, having functioned as the Managing Partner of Ashford & McGuire Consulting Ltd. Prior to this, he acquired international professional exposure through programs with Citibank New York, Fidelity Bank London, Swiss Banking Corporation Zurich and Grindlays Bank, Zimbabwe. He previously worked with Nigeria International Bank Limited (Citibank) and United Bank for Africa Plc.

Alex is an Alumnus of Harvard Business School's Advanced Management Program (AMP), he earned a degree in Sociology at the University of Benin and a Masters' degree in Banking & Finance from the University of Ibadan.



Alexander Adeyemi
Non-Executive Director

(Appointed to the Board in July 2019)

Mr. Alexander M. Adeyemi, FCA, FCTI, mni, is the Director, Revenue and Investment at the Office of the Accountant-General of the Federation.

Alexander comes with over 25 years Finance and accounting experience, working in the public and private sectors including international organisations.

He is an alumnus of Bayero University Kano, and went on to earn a Master's degree in Business Administration (MBA) from Ahmadu Bello University, Zaria. He is a Fellow, Institute of Chartered Accountants of Nigeria (ICAN); Fellow, Chartered Institute of Taxation of Nigeria (CITN); and Member, Institute of Bankers, London. He is also a member of the Chartered Institute of Public Finance and Accountancy (CIPFA), London and the Certified Information System Auditor (CISA) as well as a distinguished fellow of the National Institute (mni).



Bolanle Onagoruwa
Independent Non-Executive Director

(Appointed to the Board in December 2021)

Ms. Bolanle Onagoruwa is a lawyer with over 30 years of private and public sector professional experience. Prior to her appointment, she was an Independent Director of NOVA Merchant Bank.

Bolanle's diverse experience spans commercial legal practice, with Bentley Edu and Co; Legal Counsel, Nigerian Industrial Development Bank, and Company Secretary/ Legal Adviser Abuja Branch Head of Midas Merchant Bank. Thereafter, she joined the Bureau of Public Enterprise (BPE) where she contributed immensely to the public sector reform and privatisation in Nigeria during her 12-year service. She served as Secretary Social Development and Secretary Education in the Federal Capital Territory Administration before retiring eventually as the Director-General of BPE in 2012.

Bolanle earned an LLB from the University of Lagos, a Post Graduate Diploma in Politics, and International Relations from the University of Kent at Canterbury, and she is an alumna of the Harvard Business School (General Manager Program).

Executive Management Team



Dupe Olusola

Managing Director/CEO

Mrs. Dupe Olusola has over 21 years corporate experience spanning various sectors locally and internationally. Her professional experience cuts across various sectors in capacities that encompass private equity from African Capital Alliance, investments and SME experience from Growing Business Foundation, Bloomberg Financial Markets UK, SecTrust (now Afriinvest), Transnational Corporation of Nigeria Plc. and Northern Trust Corporation of Chicago, UK.

Prior to her role as Managing Director/CEO, she was the Group Head Embassies, Multilaterals and Development Organizations (EMDOs) and Global Investors Services (GIS) in United Bank of Africa. Through her leadership, there was meritorious expansion in the Bank's stake in the EMDOs & GIS sector across Africa and beyond.

Dupe is a thoroughbred professional with over 2 decades experience spanning various sectors. She studied Economics at the University of Leicester, United Kingdom and obtained her M.Sc. in Development Economics from the University of Kent. She is also Prince 2, PMP and Investor Management Certified (all UK).



Ifeoma Okafor-Obi

Business Development Director, Aura by Transcorp Hotels

Mrs. Ifeoma Okafor-Obi joined the Transcorp Hotels Plc. team in 2021 as the Business Development Director for Aura, the digital hospitality subsidiary of Transcorp Hotels Plc.

Prior to joining Transcorp Hotels, Ifeoma worked as Director of Operations at Tony Elumelu Foundation (TEF). She had also served as the Chief Executive Officer of 360 Brains & Brawn Ltd where she designed and implemented the CEO hub, a series of lectures and interventions to upskill SME CEOs. She worked in multinationals such as Procter & Gamble (P&G), Diageo and Coca-Cola International before her time at 360 Brains & Brawn.

Ifeoma earned a B.Sc. in Biochemistry from the University of Nigeria. She is an Associate of the Institute of Directors (IoD) Nigeria, where she earned an International Certificate of Corporate Governance and Independent Director certification. Ifeoma is a trainer on entrepreneurship, a coach, a mentor and an author and has spoken at various conferences both locally and regionally. Ifeoma is the 2021 John E. Pepper Humanitarian Awardee.



Oluwatobiloba Ojediran

Chief Finance Officer

Since 2020, Oluwatobiloba Ojediran has served as the Chief Finance Officer (CFO) of Transcorp Hotels Plc.

Prior to joining Transcorp Hotels Plc., Oluwatobiloba served as Financial Auditor under the Growth & Employment (GEM), a World Bank-funded project, which was implemented by the Federal Ministry of Industry, Trade and Investment. Before joining the GEM project, she was Finance Manager at Intercontinental Hotel Lagos, a member of the international hotel chain IHG Hotels & Resorts. Prior to Intercontinental Hotel (now Lagos Continental Hotel), Oluwatobiloba had a brief consultancy stint. She started her career at KPMG Professional Services.

Oluwatobiloba is a member of the Institute of Chartered Accountants of Nigeria (ICAN). She possesses a diverse background in strategy, operational and financial management, audit, corporate reporting, financial modelling, and project management.



Segun Oduwole

Head, Business Development & Operations

Segun Oduwole is the Head, Business Development & Operations for Transcorp Hotels Plc. where he is responsible for Strategy Formulation & Execution, New Businesses, Cost Management, Business Efficiency and Operations Improvement.

Prior to joining Transcorp Hotels, Segun was the Senior Business Efficiency Manager for Coca Cola Hellenic Nigeria (CCH), where he was instrumental to the formulation and implementation of key strategies across the business. Before this, he was the Business Performance Manager for CCH. Before his work at CCH, Segun was the Head, Non-Financial Services Business Advisory department at Nextzon Business Services Limited. He was also Consultant at Index Consulting where he participated extensively in clients' engagements across Banking, Agriculture, Manufacturing and Oil & Gas.

Segun earned a bachelor's degree in Geography and a master's degree in Geographic Information Systems both at the University of Ibadan. He has undergone theoretical and practical training across Africa and Europe in Strategy, Performance Management, Process Improvement and Supply Chain.



Irene Nwankwo
Head, Internal Audit

Irene Nwankwo is responsible for providing independent assurance over internal control procedures and process to the Board and Management across all businesses within Transcorp Hotels Plc.

Prior to joining Transcorp Hotels, Irene began her career as an Analyst in KPMG Professional Services, where she had risen to the position of Assistant Manager in the Internal Audit, Risk & Compliance Services Unit of the firm. She has over twelve (12) years varied relevant experience in internal audit and control, quality assurance, compliance and process reviews, and accounting/financial reporting.

Irene earned a degree (B.Sc.) in Microbiology and Brewing from the Nnamdi Azikiwe University, Awka. She is a Certified Internal Auditor (CIA), Information Systems Auditor (CISA) and Financial Service Auditor (CFSA). She is a seasoned consultant on corporate governance best practice having been certified by the Institute for International Research (IIR) in conjunction with the George Washington University School of Business on Corporate Governance Best Practices. She is also an Associate of the Institute of Directors (IoD) Nigeria, a faculty member of the Institute of Internal Auditors (IIA) Nigeria chapter, a member of Information Systems Audit and Control Association (ISACA) and the Association of Chartered Certified Accountants (ACCA).



Kofo Olokun-Olawoyin,
Group Company Secretary

Kofo Olokun-Olawoyin is the Group Head Legal and Company Secretary of Transcorp Plc. where she is responsible for providing legal advice and company secretarial services across all companies within the Transcorp Group.

Prior to this role, Kofo was an Assistant General Manager, Head Legal Advisory & Contracts, at Eko Electricity Distribution Plc. where she contributed immensely to the development of regulatory framework required for the successful implementation of a viable Power Sector in Nigeria. She started her career at Banwo & Ighodalo, where she worked with and led teams that closed multi-million-dollar transactions. She also worked with Paul Usoro & Co. where she advised on several transactions.

Kofo earned a degree in Law from the University of Lagos and a dual LLM in International Commercial Law (University of Dundee, United Kingdom) and European Union Business and Taxation Law (Université de Cergy-Pontoise, France). She is a Fellow of the Chartered Governance Institute (UK), Fellow of the Institute of Credit Administration (Nigeria). Kofo holds certifications from various foreign institutions in different areas of transactional and legal practice.



Niyi Aderibigbe

Head, Marketing & Corporate Communications

Niyi Aderibigbe has told brand stories across different industries, including Hospitality, Banking, Media and Advertising for about a decade. He is the Head, Marketing & Corporate Communications at Transcorp Hotels Plc, where he develops growth strategy and content to build Africa's largest hospitality brand.

Prior to joining Transcorp Hotels Plc., Niyi was Head, Content & Creatives, United Bank for Africa. Before joining UBA, he was Head of PR and Managing Editor at Arden & Newton, a Lagos-based Brand Consultancy. He has also worked as Head of Media Relations at Wema Bank Plc. and as a staff writer at Ventures Africa.

Niyi earned a master's degree in Environmental Biology and has Executive Training in Financial Journalism. He is a member of the Nigerian Institute of Public Relations and the National Institute of Marketing of Nigeria.



Kevin Brett

General Manager, Transcorp Hilton Abuja

Kevin Brett is a 40-year hospitality veteran who began his career with Hilton Worldwide in 1979 as Assistant Front Office Manager at the London Hilton on Park Lane in London, United Kingdom.

Before joining Transcorp Hilton Abuja in January 2019, Kevin was the Cluster General Manager at Jeddah Hilton and Waldorf Astoria Jeddah-Qasr Al Sharq, Kingdom of Saudi Arabia from 2012 until December 2018. He has previously held top management positions in 17 international hotels in 11 countries across Southeast Asia, Europe, and the Middle East. He was at various times General Manager at Hilton London Islington, Hilton Bahrain, Hilton Abu Dhabi and Conrad Cairo.

Kevin is a member of Chaine des Rotisseurs and Le Conseil des Echason de France amongst other professional membership.



Chris Odor

General Manager, Transcorp Hotels Calabar

(Appointed, March 2022)

Chris Odor is the General Manager for Transcorp Hotels Calabar Limited who spearheads the general operations of the hotel.

Chris is an astute professional in the hospitality industry with over 19 years of work experience and deep knowledge of hotel financial operations, administration, and executive management. Prior to joining Transcorp Hotels Calabar, he was previously the General Manager of Westwood Hotels Ikoyi responsible for the daily operations of the hotel. He established Westwood hotel Ikoyi which was formerly known as Protea Westwood hotel Ikoyi and was the first Nigerian Manager since the opening of the hotel. Chris also worked with Travel House Hotels as hotel accountant and later became the hotel manager after one year of service. Whilst at Travel House Hotels, he established and started up the food and beverage department and supervised the furnishing, staffing and completion of Travel Hotel Lekki F&B building project in 2015.

Chris earned an HND in Finance and Accounting from Yaba college of Technology and has acquired so many executive hotel management trainings from notable training institutions.



Chuma Mgbojikwe

General Manager, Transcorp Hotels Calabar

(Resigned February 2022)

Chuma Mgbojikwe is a consummate hospitality services professional with over 23 years corporate experience spanning some of the biggest hotel chains in the world, such as Marriott, Hilton and the Wyndham Hotels. He holds an MSc. in International Hotel and Tourism Management from Oxford Brookes University, Oxford, UK and a BSc. in Estate Management from the University of Greenwich, UK. He is also a fellow of the Institute of Tourism Professionals.

He joined Transcorp Hotels in 2013 and oversaw several projects to improve the facility for better guest experience, working with the entire team to keep Transcorp Hotels Calabar as the number one guest destination.



**Everywhere is
home with **aura****

Accommodation | Food | Experiences



Sign up now at aura.transcorphotels.com

Follow us @aurabytranscorp   



Transcorp Hilton

ABUJA

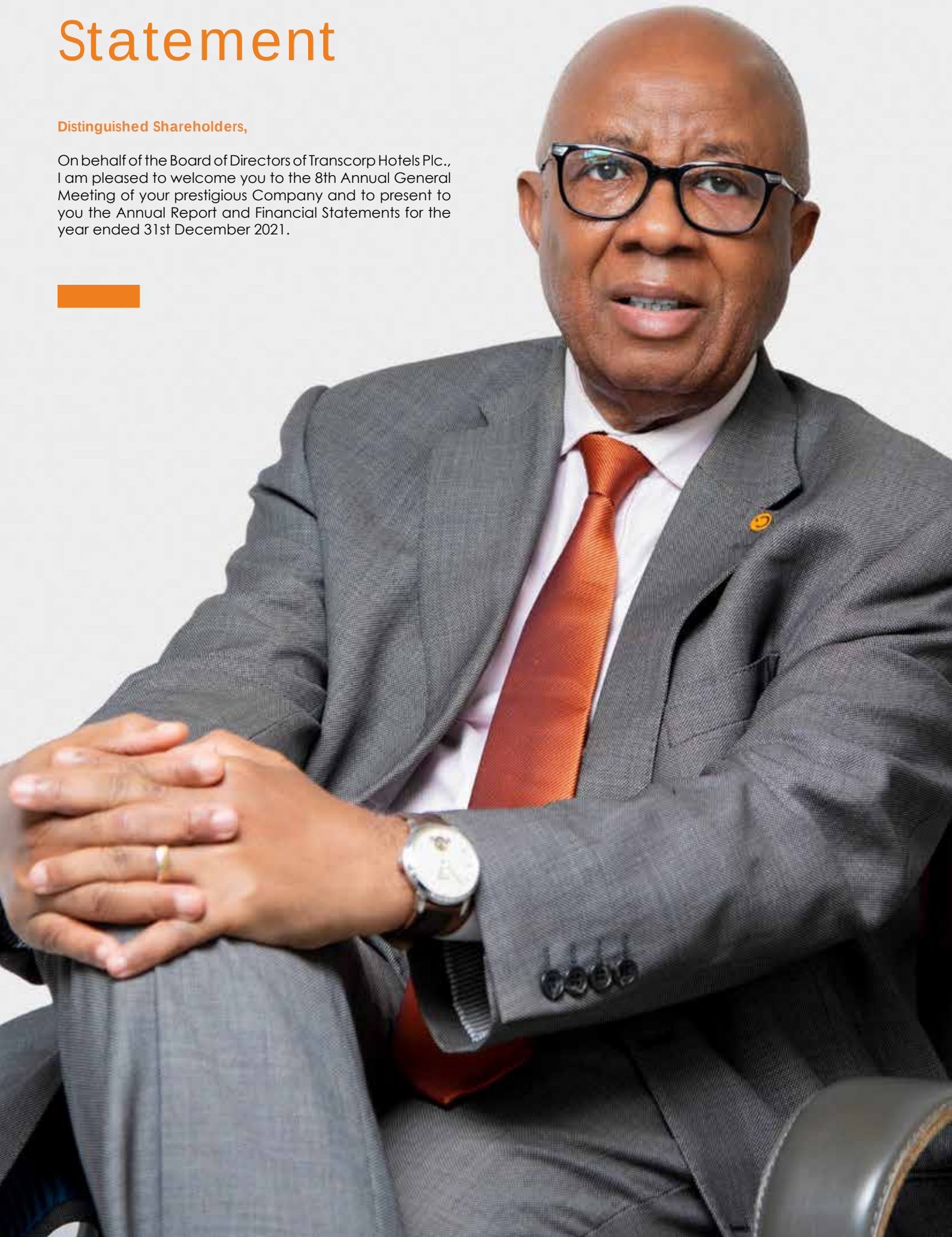
Business Review
and Strategy



Chairman's Statement

Distinguished Shareholders,

On behalf of the Board of Directors of Transcorp Hotels Plc., I am pleased to welcome you to the 8th Annual General Meeting of your prestigious Company and to present to you the Annual Report and Financial Statements for the year ended 31st December 2021.



The impact of COVID-19 continued to be felt in all corners of the world and the hospitality sector in particular was one of the worst hit. Transcorp Hotels Plc. was not exempted and witnessed a significant impact of COVID-19 on its business at the onset of the pandemic and the rest of the period. However, over the last year, we started to experience a gradual recovery, and in the second half of 2021, we achieved a stronger bounce back that can only be described as remarkable. Just in her second year as MD/CEO, Mrs. Dupe Olusola and her outstanding management team led the Company to deliver incredible results that surpassed our pre-pandemic performance.

Nigeria's recovery, which was hinged on uncertain fiscal conditions and the threat posed by the new strain of Corona Virus, has revealed that Nigeria is one of the most entrepreneurial, innovative and ingenious economies. Despite the vulnerabilities exposed by the pandemic, we have seen a notable recovery from a recession and a gradual and steady economic growth thereafter.

The year 2021 also revealed to us the strength of our people, processes, and technology, as we navigated these difficult and challenging times in our industry's history. During the year, we registered strong profitability even as revenues grew at a tremendous pace. Our continued efforts to drive cost efficiencies and strengthen our balance sheet have already started yielding results.

It is on this premise, that I present to you, Transcorp Hotels Plc's Annual Report and Financial Statements for the financial year ended 31st December 2021.

Global Economy

Whilst the pandemic remains a recurring theme in our world today, in 2021, the economy experienced a stronger rebound from the negative impact of COVID-19 compared to 2020.

Advanced economies led the race to recovery in every aspect – COVID-19 containment, vaccination rates, stimulus packages and job support. The United Kingdom was the first country to administer COVID vaccines, recording a 5.5% quarter-on-quarter expansion in the second quarter of 2021. The increase in economic output was due to the easing of COVID-19 restrictions, which supported the pick-up in trade and hospitality services.

In the United States, over \$5.7 trillion has been expended on COVID-19 relief in more than 9 stimulus plans since the pandemic struck. As a result, consumer spending rose at record speed, stoking a 2.1% year-on-year growth in the third quarter of the year. Unemployment fell from a peak of 14.8% after the lockdowns to 4.6% in October 2021. The world's largest economy also recorded 531,000 more jobs in the same month, with most gains recorded in the sectors worst hit by the pandemic - leisure and hospitality, professional and business services, manufacturing, transportation, and warehousing.

Emerging and developing economies are lagging in the race to recovery, as they struggle with uneven access to vaccines, high debt levels, constrained fiscal space, and financial market volatility. Vaccination rates remain low in

emerging economies, creating room for wider spread and mutation of the virus. Across emerging economies, the constrained fiscal space - incident upon pre-pandemic challenges - left a void in the fight against the pandemic. Thus, the allocation of \$650 billion in Special Drawing Rights (SDRs) alleviated this pressure and boosted external reserve levels without mounting any additional debt burden on the sovereigns. Countries exchanged their SDR assets for hard currencies to address their liquidity challenges, fund budgets, boost the import of vaccines and commodities, support social investments, and stabilize their currencies.

Growth in China -- the only major economy to return to pre-pandemic levels in 2020 -- appears to have peaked in 2021. With low base effects stimulating an 18.3% year-on-year expansion in Q1'21, the Asian giant recorded slower growth outcomes in Q2'21 and Q3'21 at 7.9% and 4.9% year-on-year respectively. In a bid to support the economy, the People's Bank of China reduced the cash reserve requirements of banks and released \$154 billion in liquidity to ease recovery.

Africa has not gained enough speed on the road to recovery. Low access to vaccines prevailed amidst the eruption of Beta, Delta, and Omicron variants. However, the International Monetary Fund (IMF) reported that Sub-Saharan Africa grew by 3.7% year-on-year in 2021 due to the rise in commodity prices, a steady improvement in economic activities and the recovery in travel and tourism.

For Nigeria, the post-pandemic recovery, which began in the final quarter of 2020, is still ongoing. As pandemic restrictions were eased, oil prices recovered and the authorities implemented policies to counter the economic shock occasioned by the pandemic, and the country started recording growth. Having reported negative growth rates in two consecutive quarters, the economy recovered with a 5.01% year-on-year growth in Q2 '21. While this represents the strongest growth outcome in 7 years, the bright turnout was largely due to a low base effect.

In Q3'21, the Nigerian economy outperformed pre-pandemic levels by 0.4% following a 4.03% year-on-year growth outturn (Q3'20: -3.62% y/y). Compared to 2016, when the oil sector led the rebound, the services sector was responsible for the recovery in 2021.

Business Environment

The pandemic and ensuing economic downturn caused by fluctuation in demand had a significant impact on hospitality throughout 2020 and 2021 - no doubt with lingering effects.

There has been a shift in people's behaviour, partly due to changing values and lifestyles following the critical phase of the pandemic. Staycations – holidays spent in home country or local station - have now become popular, while hygiene protocols and contactless technologies are now firmly embedded in the daily activities of hospitality businesses. This has further given rise to some new trends. Experts say that increased consumer awareness of all

facets of sustainability, health and well-being has set new benchmarks for hospitality enterprises.

Here are trends we expect would shape the hospitality industry in 2022:

Leisure Travelers & Hotel Workspaces

While many advocates of remote working have been vocal for years, the pandemic projected their voices even further as businesses were forced to activate remote working at the instance of COVID-19.

Remote working has now become commonplace for many, with forecasts showing it might be here to stay. An unprecedented number of top firms – with big tech companies like Twitter, Facebook, and Amazon leading the way – announced that they will adopt a hybrid or flexible approach to work.

In 2021 alone, the percentage of workers around the world that were permanently working remotely doubled. As a result, hospitality facilities have become make-shift offices for leisure travelers, in addition to locals seeking a change of work environment. This is a great opportunity for hospitality businesses to exploit and adapt their offerings to meet the needs of this emerging segment.

Digitalized Guest Experiences

Apps are becoming increasingly important in the way hotel services are managed, especially as regards, reducing contact and giving more control to the guest, while ensuring the experience is seamless.

Since 2020, we have witnessed an upward trend in the adoption of digital and contactless services, with traditionally customer-facing services now becoming strictly digital. We are now experiencing a widespread use of technology-assisted options such as mobile check-in, contactless payments, voice control, biometric access, among others. Digitally savvy guests would soon expect to access their hotel rooms with the same ease with which they unlock their devices.

Sadly, as important and future-forward as these trends are, the cost may be an impediment for most businesses looking to adopt them. Businesses that would like to maintain their leadership positions need to invest, regardless.

Personalization

Personalisation is more important now than ever, with guests increasingly requiring a customised service that takes their feedback and preferences into consideration. General messaging, for example, no longer cuts it, hence, establishments are going the extra mile to understand their guests and offer personalised services.

Personalisation has gone beyond simply addressing emails to the customer using their first name to data that provides insight into past buying habits, enabling hotels to offer guests exactly what they want or have requested in the past, and tailor their offers/promotions accordingly.

Technological platforms such as CRM use big data to create one-to-one interactions between the guest and the host at scale. AI-powered chatbots have also proven to be great assets in managing the end-to-end customer experience, even in as little as responding to recurring questions.

Operations in modern hotels are now being shaped increasingly using management systems to monitor and optimize revenues, customer relationships, reputation, channels, and property.

The Experience Economy

Experience has become the core of successful hospitality businesses, as customers not only request data-fuelled personalisation, but also expect this to birth unique and memorable experiences. Travel agents had to continuously evolve to remain relevant in a world that keeps giving rise to the independent traveler.

Minimalism is gaining ground, and we are increasingly seeing less lavish displays of wealth, with the focus more on value, purpose, and impact. Unique experiences that make a trip memorable for the traveller, whilst opening a channel to give back to local communities in meaningful ways are in high demand. Niche properties, adventurous holidays, and relaxation retreats have put purpose-built accommodation and short lets in high demand.

Asset Management Strategy

The asset-light approach has become an essential tool to fuel growth and strengthen an ecosystem of partnerships for businesses across industries. It is even more important in the asset-heavy hospitality industry.

Hospitality companies that adopt this strategy can focus on their core business, thus improving efficiencies, while outsourcing operations and real-estate assets. However, it comes with its own complexity and potential problems. It also calls for new competencies, especially quantitative (for forecasting, budgeting, etc.).

Virtual & Augmented Reality (VR &AR)

Imagine offering luxurious hospitality beyond the physical. Picture a night at a 5-star hotel, only that it would be virtual. There are so many new realities that the hospitality industry now offers with increasing investment in technology to deliver to changing consumer needs. Businesses in the hospitality industry must exploit the opportunity this offers; virtual tours, conjuring up a digital environment for consumers to picture themselves in, among several other possibilities.

With living and dining spaces ambience-focused these days, videos providing 360-degree views of restaurant ambience, café terraces, or hotel beachfront locations, are, for instance, one of the ways hospitality outlets can stand out in 2022. For businesses that go the way of virtual content, accessibility will be key. The access threshold will need to be kept as low as possible to ensure content reaches a broad audience. If the content is only accessible on a VR headset, then a lot of the audience would be lost.

With augmented reality, graphical or informational overlays are used to enhance in-situ environments. Guests can download apps that will grant them access to restaurant opening times, reviews or interactive tourist information maps, or even create user-generated content.

Staycations

If people planned to travel the world in 2020, the pandemic made it impossible. Travel restrictions have followed ever since thereby making globe-trotting out of reach for even the wealthiest. In many cases, staycation has now become commonplace. People have been forced to find gems hidden in plain sight for long, as they sought places to spend holidays with family, friends, and loved ones. The reopening of international travel has not done much to dissuade staycation makers; airline price hikes, Covid testing requirements, as well as the complicated bureaucracy involved in travelling abroad makes staying at home very desirable.

Vacationers have had a time of reflection to find even more reasons to spend the holiday in-country. From environmental to budgeting reasons, home is finally becoming sweet again, with 2021 seeing an uptick in more holidays spent locally.

Overview Of Financial Performance

Despite the economic headwinds caused by the pandemic, Transcorp Hotels Plc. closed the 2021 financial year strongly, with an impressive gross revenue of N22bn, surpassing its 2019 pre-COVID revenue of N20bn. The pandemic changed the customer behavior, arrival and departure patterns and the geographical business mix of the hotel. We harnessed all these and dominated the market as we outperformed the industry average and the N10bn revenue recorded in 2020.

Our disciplined approach to financial management has continued to yield results as reflected in reduced finance cost during the year. We promptly met our Series 1 Bond obligations and have successfully re-purchased 65% of the outstanding bond balance. The Bond will be fully redeemed in October 2022.

During the year, Transcorp Hotels maintained its credit rating for the Company and the Bonds, as two prominent rating agencies affirmed the Company's "Stable" outlook as follows:

Global Credit Rating Co. (GCR)

Long term Issuer Rating: BBB+(NG)

Agusto & Co.

Issuer Rating: Bbb



Aura is an integral pillar of the Asset-Light Strategy of Transcorp Hotels and will serve as a one-stop shop, providing a tailored short-stay accommodation and luxury hospitality experiences for business and leisure travelers.

Through Aura, we will partake immediately in the valuable home sharing segment and in the longer term, be a part of the hospitality ecosystem that will support the country's recovery effort thereby positioning us for future growth.



Awards and Recognition

Transcorp Hotels Plc. was recognised as Nigeria's Best Diversity, Equity, and Inclusion (DEI) compliant Company. This is an impressive feat for us, especially in a country where the concept is far from international standards. We outperformed 147 other companies in Nigeria, ramping up a total score of 76 out of 100 in the four key DEI parameters measured.

The Company also received the **"Outstanding Hotel and Hospitality Company"** at the "Nigeria at 60" Jubilee Special Awards Ceremony.

Our reputation as the **"five-star hotel par excellence"**

continues to soar as our flagship property, Transcorp Hilton Abuja, was once again unrivalled as Africa's destination of choice for luxury hospitality services and bespoke offerings. Transcorp Hilton Abuja received the following awards at the 28th World Travel Awards:

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

Dividend

In line with our commitment to continuously maximize long-term value for our shareholders by accelerating growth, improving margins, and allocating resources and capital prudently, I am pleased to announce that the Board recommends for the consideration and approval of shareholders at this meeting, a total of N 717m or 7 kobo per ordinary share as final dividend.

Board of Directors

In staying true with our mantra to remain dynamic in our leadership and continually improve, we recorded a few changes in the Board composition of Transcorp Hotels Plc.

- Resignations - Hajiya Saratu Umar, an Independent Non-executive Director as well as Mr. Valentine Ozigbo, a Non-executive Director both resigned on April 2021
- Appointments - Ms. Bolanle Onagoruwa was appointed to the Board of Transcorp Hotels Plc as an Independent Non-executive Director in December 2021.

Outlook for 2022

According to the World Bank, global growth will slow down over the next two years in the face of "fresh threats" from COVID-19 variants and rising inflation, debt, policy uncertainty, security challenges and income inequality.

Whilst economic growth experienced a strong rebound in 2021, it is expected to decline markedly from 5.5% to 4.1% in 2022 with a further drop to 3.2% in 2023. This is hinged on the Omicron-driven economic disruptions, further supply bottlenecks, a de-anchoring of inflation expectations, financial stress, climate-related disasters, and a weakening of long-term growth drivers.

In its report, the World Bank stated that, "although output and investment in advanced economies are projected to return to pre-pandemic trends next year, in emerging market and developing economies (EMDEs)—particularly in small states and fragile and conflict-afflicted countries—they will remain markedly below, owing to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring from the pandemic.

The effective consolidation of public and private sector efforts in increasing national output, decisive policy actions, and preparedness for health-and climate-related crises, are expected to buttress the growth over the longer term.



More specifically, in Nigeria, growth will be driven by recovery in non-oil sectors and expected higher oil prices. Elevated inflation, security issues and pre-election activities in 2022 are risks that could further erode the progress recorded in year 2021.

Core inflation is expected to be moderate, thus keeping maintenance costs at manageable levels. A measured tightening of monetary policies is expected to help to restrain inflation expectations and actual inflation. However, food inflation remains a potential risk, which will have to be covered through potential increase in patronage in the short to medium term.

Some analysts have opined that the challenge for most businesses in the year ahead will be to implement growth strategies based on innovation and efficiency gains during a period of renewed labor shortages and tightening of monetary policy by central banks in response to substantial inflation risks, which will impact costs of accessing capital. Business needs to focus on both tangible and intangible investments to drive sustainable growth strategies.

For our business, we would drive key investments in innovation, including hospitality tech to improve our competitive advantage in the industry with special focus on the optimization of the Aura by Transcorp Hotel platform and investment in smart hospitality to improve Guest experience.

As part of our key strategy is to continue to deepen our share and expand our market while continuously providing the highest service standards, we will prioritize the completion of the Transcorp Events Centre in Abuja, which will be purpose-built and will feature refined and functional amenities that will become a suitable venue to host medium to large scale events such as trade fairs, concerts and weddings.

Transcorp Hotels Plc. is committed to contributing to the development of the hospitality and tourism landscape in Nigeria, so, there are more developments in the pipeline, as the team of competent and innovative staff work to harness various opportunities.

Conclusion

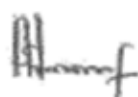
Distinguished shareholders, ladies and gentlemen, I am proud to say that we had a rewarding year and we would continue to push past any limitations to achieve even greater milestones. The year 2021 revealed to us the strength of our people and processes. Our resilience and innovation were catalytic to yielding great returns as we navigated through the recovery from the disaster brought on by the pandemic.

We look forward to an exciting and optimistic 2022 with full awareness of the risks that lie ahead and confidence in our ability to optimize the opportunity that the year presents.

I would like to express my unreserved gratitude to all the Directors, Executive Management, Technical Partners, Hilton Worldwide, and Employees of this Company - who continue to drive excellence through customer-focused service delivery.

To our esteemed shareholders, thank you for the steadfast support towards achieving our shared goal of making Transcorp Hotels Plc. Africa's premier hospitality brand. Most important of all, my immense gratitude goes to our guests for their unwavering loyalty and patronage through the years. I firmly assure you of our commitment to delivering only excellent services to you through our sensitivity to your ever-changing needs and priority. We commit to continue to wow you and make all your experience with us positively memorable.

Thank you.



Emmanuel N. Nnorom
Chairman, Board of Directors



CEO'S Report

Ladies and Gentlemen, I am delighted to welcome you to Transcorp Hotels Plc.'s 8th Annual General Meeting.

Our Company, Transcorp Hotels Plc., continues to be Nigeria's and indeed Africa's leading hospitality brand with over 30 years' experience in the hospitality industry. We have retained market leadership in the industry by focusing on expanding our offerings and facilities whilst ensuring we continue to deliver superior excellent services through continued investment in innovation and diversification.



The year 2021 was critical for our business.. It saw us dealing with the aftermath of the pandemic and pushing innovation, customer and guest experience, employee and key stakeholder engagement, market diversification to further entrench our value offerings to the leisure market to help deliver a successful and sustained recovery amidst uncertainties and changing customer preferences.

Our priority was the continued implementation of strategies and protocols aimed at growing our business and promoting the safety of our employees, guests, and stakeholders. Our commitment to thinking out of the box, execution and service excellence differentiated us and positioned us as leaders in the hospitality industry, outperforming competition on all indices. In a year when many were trying to find their feet following a 2020 ravaged by COVID-19, we shot for growth, introducing a new business line and strengthened existing ones.

Our occupancy rate which started at 55% in January grew steadily to an all-time high of 80% in the month of December 2021. Our ADR grew from N69,000 in January 2021 to N83,000 in December 2021.

We remained the superior choice for all, including numerous world leaders and dignitaries from around the world who we hosted this year. We continued to reinforce our position as the all-round industry leader with an increased focus on delivering excellent service quality, customer satisfaction and security.

Income Statement

Revenue

We closed year 2021 with an impressive gross revenue of N22bn, up by a massive 100% relative to the N10bn recorded in 2020. We also surpassed our pre-COVID 2019 revenue of N20bn by about 8%.

This great progress reflects the growth achieved in most of our business segments and the strengthening of our leisure business. We became more innovative in our leisure business segment as a response to the COVID-19 pandemic which was a key success factor for us in 2020. We pushed further in 2021 and grew revenues from this segment by 118% from N1.7b in 2020 to N3.7b at the end of 2021.

Gross Profit

We recorded a 142% year-on-year growth in Gross Profit in 2021 as compared to 2020, to close at N16.2b. A gross profit margin of 75% was achieved in 2021 representing an improvement of 900 basis points from 2020.

Despite the rise in inflation rate and Naira devaluation, and the resultant high energy and rising raw material cost, we continued to drive our cost management imperatives, chief of which was our focus on import substitution in response to the volatile forex regime.

Balance Sheet

Assets

Transcorp Hotels' long-term assets remained largely unchanged from the prior year at N106bn (2020: N108bn) and comprised property, plant and equipment (98%), goodwill, intangibles and other non-current assets (2%).

Liabilities

As at 31 December 2021, the Company's total liabilities stood at N54b, representing a 4% increase from N52b in 2020. The Company's liabilities comprised non-interest-bearing liabilities (NIBL) - 56% and interest-bearing liabilities (IBL) - 44%.

In line with our commitment to continuously stabilise our balance, and consequently reduce the impact of the high cost of borrowing on our overall financial position, we successfully redeemed and repaid 65% of the outstanding Series 1 bond principal balance, and made repayment due during the year, bringing down the balance from N4.4bn at the start of the year to N823m as at December 31.

We are confident that we will continue to meet the remaining Series 1 Bond obligations which is expected to be fully redeemed by October 2022.

We have also completely liquidated all the dollar loans in our portfolio thereby hugely minimizing the Company's exposure to forex loss risk that have arisen from the continuous Naira devaluation. A total of \$ 6m was repaid during the year.

During the year, the Company obtained a relatively cheaper long-term loan of N12.7b from the Bank of Industry, to support the ongoing renovation of the hotel's food and beverage outlets, recreation centre areas, meeting halls and rooms.





Awards And Recognitions

Transcorp Hotels' brands are individually distinctive and collectively powerful. The Company has consistently delivered world-class guest experience and excellent services across all its touch points.

The awards and recognitions received during the year are testaments to this.

- Transcorp Hotels Plc. emerged Nigeria's best Diversity, Equity, and Inclusion (DEI) compliant Company. This is following the study carried out by Hofstede Insights, an international organisational culture consultancy, who studied the state of DEI in the composition of the management team and board of directors of 148 leading companies in Nigeria.
- The Company was also recognised as an outstanding Hotel and Hospitality Company at the "Nigeria at 60" Jubilee Special Awards Ceremony.
- Transcorp Hilton Abuja received awards at the 28th World Travel Awards in 4 categories, as follows:

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

Similarly, Transcorp Hotels Calabar also emerged as the winner of the Best City Hotel in Nigeria at the 2021 International Travel Awards. The Hotel also received a special recognition award from Cross Rivers State Safety Commission as 'Best Safety Compliant Hotel in 2021.

In my capacity as Managing Director/CEO, I emerged fourth place at the Strategic African Women in Leadership (SAWIL) trailblazer's award, which recognised top female executives across Africa.

Projects And New Businesses

Our continuous commitment to contribute to the development of the hospitality in Nigeria, improve footprint in Africa, explore profitable business adjacencies, and grow its earnings, drove the execution of some projects that commenced in 2020 as well as the implementation of new initiatives.

Aura by Transcorp Hotels

At Transcorp Hotels Plc., we understand the power of dynamism, innovation, and the importance of leveraging technology for efficiency, excellence, and enterprise, hence we prioritised the launch of Aura by Transcorp Hotels; our asset light-strategy business. .

Aura by Transcorp Hotels is a dynamic digital hospitality platform for unique accommodation, great food, and memorable experiences and serves as a one-stop shop, providing tailored short-stay accommodation and luxury hospitality experiences for business and leisure travelers.

This new business further helps us to consolidate our offerings as we unlock the economic potential of home sharing in the country while encouraging domestic tourism. The product reaffirms our commitment to continually offer new hospitality innovations in keeping with our vision of improving lives and transforming Nigeria.

We are certain that this technology-driven platform will create memorable experiences, democratize access to hospitality, and provide unique hospitality experiences, while also creating livelihood, boosting the economy and establishing a sustainable hospitality ecosystem.



Workspace by Transcorp Hotels

Another notable business launched in 2021 is the purpose-built shared working facility named 'Workspace by Transcorp Hotels'. This is situated in Transcorp Hilton Abuja, and it caters to the needs of customers (entrepreneurs/business travellers) who desire short term offices while enjoying several added benefits including free access to some facilities at the hotel or at a discounted rate.

Transcorp Hilton Abuja's co-working space is situated in a prime location of the hotel - on M1 floor. We offer four private offices, six hot desks and one executive meeting room that can accommodate up to eight delegates.



Transcorp Event Centre

The construction work to convert the 4000-square metre warehouse in Transcorp Hilton Abuja to a 3,000-capacity Event Centre has commenced. Transcorp Events Centre will cater to existing demand for suitable venues to host medium to large scale events such as trade fairs, concerts, weddings, and religious programmes.

The project is expected to be completed in December 2022.



Upgrade of Transcorp Hotels, Calabar

We have commenced the upgrade of Transcorp Hotels Calabar aimed at renovating the guest rooms and revamping the façade of the hotel. As the recovery of economic activities continues in 2022, this strategic investment in our facility will ensure that we are positioned to retain our market leadership and grow revenues.



Strategic Priorities For 2022

Despite the cautious stance from the industry, we remain optimistic and focused to deliver an improved performance over the next 12 months. Our key focus will be a continued investment in innovation that allows us to be dynamic and agile whilst delivering superior offerings and service to all our guests.

We will continue to innovate and optimise all the facets of our business, from operational efficiency to guest engagement, and bolstering direct revenue. The good cost-saving habits and financial strengths that we cultivated during nearly two years of volatile market conditions will be enhanced.

Conclusion

The pandemic and ensuing economic downturn caused by fluctuation in demand have had a significant impact on hospitality throughout 2020 and 2021, with lingering effects and emerging new trends that will drive the hospitality landscape in 2022 and beyond.

Innovative approaches to our service culture and offerings will be firmly embedded into our daily activities, enabling us to remain agile and responsive to this extraordinary situation and changing guest preferences.

We will continue to promote staycations, hygiene protocols and digitalised guest experience thereby re-affirming our commitment to remain the preferred choice for our guests.

Finally, these record and impressive results could not have been achieved without all our employees bringing their best to the table always, their continued commitment, ability to think outside of the box and their drive for excellence. We achieved all through great teamwork and I would like to thank all our employees and key stakeholders for all the effort over the past year. We can be proud of many of our achievements.

I am also grateful to the Board, Management and shareholders for all the invaluable support given past year and again assure you that together, we will achieve more in this upcoming year. To our distinguished guests & customers, I would like to thank you for your trust and continued patronage. We commit to remaining your first choice on all matters relating to hospitality as we look forward to a very prosperous 2022.



Thank you.

A handwritten signature in black ink, which appears to read 'Dupe Olusola'.

Dupe Olusola
Managing Director/CEO



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Governance





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Corporate Governance Report



Transcorp Hotels Plc. ("the Company") is committed to maintaining the highest standards of corporate governance, as we understand that sustainability can only be possible through a culture of strong business ethics, sound policies & procedures and effective internal control systems.

1. Overview

During the year ended 31 December 2021, the Company complied with the provisions of the Code of Corporate Governance issued by the Financial Reporting Council (FRC) and the Securities & Exchange Commission (SEC), together with its Audit Regulation, the Guidelines by the SEC and all applicable laws regulating corporate governance. The Board comprise of eight (8) Directors, including one (1) Independent Director.

The Board is comprised of the following Committees: The Finance and Investment Committee (FIC) and the Board Audit and Governance Committee (BAGC).

The Company has entrenched best practices into its corporate governance by formulating new policies that will enhance performance, make the business more sustainable and uphold the Company's brand equity. The policies updated and/or approved by the Board in 2021 were:

- Board Governance Charter
- Business Continuity & Disaster Recovery Policy
- Delegation of Authority & Empowerment Grid
- Board Succession Policy
- Stakeholder Management & Communication Policy
- Non-Audit Services Policy

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

- **Governance Framework**

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

- **Board Governance and Board Committees Governance Charter**

This Charter provides for the terms of reference, types of Committees, composition, functions, roles, responsibilities of the Board, each Committee, Non-executive Directors, CEO, executives, and Company Secretary. It also provides for tenor, meetings, quorum, proceedings, appointments, and the overall governance framework for the Board, Board Committees, and members. The functions and proceedings of the SAC are governed by the provisions of the Companies and Allied Matters Act, 2020 (CAMA).

- **Business Continuity and Disaster Recovery Policy**

This Policy was designed to provide procedures and guidelines that the Company and its stakeholders should adhere to in the event of an emergency, loss of service or disaster. The Policy defines the roles and responsibilities for the execution of the business continuity plan, provides an effective and efficient approach to managing the risk of business disruption, serves as a guide for all responsible officers on their roles and tasks during and after the period of crisis, and provides clear guidance on the planning, prevention, response and transition in the event of a business disruption.

- **Delegation of Authority and Empowerment Grid**

This policy sets out the limits of financial and administrative authority ceded to the Approving Authority of the Company. The objective of the Policy is to establish authority limits in the Company, to enhance internal control and operational effectiveness.

- **Board Succession Policy**

This policy was developed to ensure continuity and stability of the Company's operations by establishing an effective and orderly succession process for Directors that will result in the collective knowledge, skills and experience necessary for the Board to effectively govern the operations of the Company.

- **Sustainability Policy**

This Policy covers the environmental governance and social dimensions of sustainable development which Transcorp Hotels Plc. recognises as part of good business and is applicable to all our organizational units and operational locations where it carries out business. The Company is committed to sustainable development in its day-to-day activities including Stakeholder Engagement, Corporate Governance, Preserving the environment, Employee-related matters, Vendor Engagement and Supplies, Safety, Health and Environment Management, Community Investment and Corporate Social Responsibility, Ethics and Whistleblowing.

2. Board of Directors

2.1 General

In the financial year 2021, the Board consisted of eight members made up of one (1) Executive Director (the CEO) and seven (7) Non-Executive Directors, one of whom is an Independent Director as defined by the Nigerian Code of Corporate Governance.

The Board exercises oversight and control thereby ensuring that Management acts in the best interest of the stakeholders of the Company especially, the shareholders, while sustaining the value and brand of the Company. In accordance with the provisions of the Code of Corporate Governance and the Company's Board Governance Charter, the Board met five (5) times during the financial year. The Chairman of the Board of Directors presided over the Board proceedings and provided leadership to the Company and Board.

The details of Directors' attendance at Board meetings are disclosed on page 40 of the Annual Report. The Board establishes formal delegations of authority, through its Empowerment Policy, and defines the limits of Management's power and authority, and delegating to Management, certain powers to run the Company's day-to-day operations.

The Board is composed of highly accomplished and experienced men and women with diverse backgrounds from both the private and public sectors who are conversant with their oversight functions.

- **Board Appointment**

The Board Governance Charter of the Company sets out the governance framework and the appointment of members to the Board. Directors are appointed on the recommendation of the Board Audit and Governance Committee in accordance with the Board and Board Committees Governance Charter. In choosing Directors, the Company seeks individuals with very high integrity, a good image and reputation, shareholder orientation, no conflict of interest and a genuine interest in and commitment to the company.

- **Induction and Training process**

The Company has a formal Induction Plan and procedure for newly appointed Directors, which is detailed in its Board Induction Policy. Newly appointed Directors undergo this induction programme to become knowledgeable about the business, its governance structure, its key officers, its subsidiaries' businesses, facilities, and operational procedures. They are also trained along with other Board members Group-wide.

- **Separation of the position of Chairman and Managing Director**

In compliance with good corporate governance, the positions of the Chairman of the board and the Managing Director/CEO are separate and occupied by separate individuals.

2.2 Membership and Changes on the Board

There were some changes in the composition of the Board of the Company during the financial year under review. During the year 2021, there were two (2) exits from the board, and the appointment of an Independent Non-Executive Director.

The Board Composition together with the changes in the year 2021 are detailed below:

SN	Directors	Date of appointment	Date(s) re-appointed / re-elected	Designations	Tenure of service
1	Mr. Emmanuel N. Nnorom	January 2014	March 2017, April 28 2020	Chairman	8 years
2	Mrs. Dupe Olusola	March 2020	N/A	MD/CEO	2 years
3	Mrs. Owen Omogiafo	January 2019	N/A	BAGC Chairman	3 years
4	Mrs. Helen Iwuchukwu	February 2020	October 2020	Non-Executive Director	2 years
5	Mr. Peter Elumelu	November 2014	March 2017, April 2020	Non-Executive Director	7 years
6	Mr. Alex Okoh	April 2017	N/A	Non-Executive Director	4 years
7	Mr. Alexander Adeyemi	July 2019	N/A	Non-Executive Director	2 years
8	*Mr. Valentine Ozigbo	October 2011	January 2019	Non-Executive Director	10 years
9	**Hajia Saratu Umar	October 2016	March 2019	Independent Non-Executive Director	5 years
10	***Ms. Bolanle Onagoruwa	December 2021	N/A	Independent Non-Executive Director	3 months
11	Mr Muiyiwa Oduniyi	April 2020	N/A	Alternate Director to Mr Okoh	

N/A means "Not applicable"

* Mr.Valentine Ozigbo resigned on 27th April, 2021.

** Hajia Saratu Umar resigned on 26th April, 2021.

*** Ms Bolanle Onagoruwa was appointed as Independent Non-Executive Director on 17th December, 2021.

2.3 Board Meeting Attendance

The Board met five (5) times in 2021. The table below shows the frequency of meetings of the Board, and members attendance:

Directors	Total No. of Meetings obliged to attend	Total No. of Meetings Attended	Dates of Meetings Attended
Mr. Emmanuel N. Nnorom	5	5	9 February, 27 April, 30 July, 4 November, 17 December
Mrs. Dupe Olusola	5	5	9 February, 27 April, 30 July, 4 November, 17 December
Mrs. Owen Omogiafo	5	5	9 February, 27 April, 30 July, 4 November, 17 December
Mrs. Helen Iwuchukwu	5	5	9 February, 27 April, 30 July, 4 November, 17 December
Mr. Peter Elumelu	5	5	9 February, 27 April, 30 July, 4 November, 17 December
Mr. Alex Okoh (or Mr. Muiyiwa Oduniyi)	5	4	9 February, 27 April, 4 November, 17 December
Mr. Alexander Adeyemi	5	5	9 February, 27 April, 30 July, 4 November, 17 December
Ms Bolanle Onagoruwa	1	1	17 December

The Directors to retire by rotation and offering themselves for re-election are Mrs. Owen Omogiafo and Mr. Alexander Adeyemi.

2.4 Board Committees

In accordance with the Board Governance Charter, the Company maintains a Board Audit and Governance Committee and a Finance and Investment Committee. In the year 2021, the Company conducted evaluation to assess the performances of the Board together with the Committees.

(A) Board Audit & Governance Committee

During the year, the Committee continued to work in line with its mandate and made recommendations to the Board on the matters delegated to it by the Board including:

- Establishment of formal procedures for the nomination of Directors.
- Approval of recruitments, promotions, redeployments, and disengagements for the Company/Group Heads of Departments that make up the Executive Management Committee.
- Review and evaluation of the skills of members of the Board.
- Making recommendations to the Board on compensation for all staff of the Company and subsidiary Boards.
- Giving advice to the Board on corporate governance standards and policies.
- Review and approval of all human resources and governance policies for the Group.
- Review and recommendation to the Board and Shareholders on any changes to the memorandum and articles of association.
- Evaluation and appraisal of the performance of the Board and Board Committees and its members annually in conjunction with consultants.
- Monitoring and evaluation on a regular basis, the qualifications, independence and performance of external and internal auditors and the financial control departments.
- All other function assigned to it by the Board including Audit and Regulatory Compliance.

The Committee also provides a written report to the Board on its proceedings and recommendations at the quarterly Board meetings of the Company.

During the year, the Committee was improved by the appointment of Mrs. Helen Iwuchukwu who has great expertise in resolving complex corporate challenges, improving operational efficiency and institutionalising Corporate Governance.

During the year, the Committee comprised the following:

- **Mrs. Owen Omogiafo** - **Chairman**
- **Mr. Peter Elumelu** - **Member**
- **Mr. Alexander Adeyemi** - **Member**
- **Mrs. Helen Iwuchukwu** - **Member**

The BAGC met four (4) times in 2021.

The table below shows the frequency meetings of the BAGC and members attendance

Directors	Total no. of meetings obliged to attend	Total no. of meetings attended	Dates of meetings attended (dd/mm/yy)
Mrs. Owen Omogiafo	4	4	January 25, April 12, October 12, December 10
Mr. Peter Elumelu	4	4	January 25, April 12, October 12, December 10
Mr. Alexander Adeyemi	4	4	January 25, April 12, October 12, December 10
Mrs. Helen Iwuchukwu	2	2	October 12, December 10

Each BAGC meeting was attended by the Head, Internal Audit who presented the Internal Audit Report.

(B) Finance and Investment Committee

The Finance and Investment Committee assists the Board in its oversight on finance and risk matters, and performs the following functions:

- Discharging the Board's responsibilities regarding strategic direction and budgeting.
- Providing oversight on financial matters and the performance of the Group.
- Reviewing and recommending investment opportunities or initiatives to the Board for decision.
- Recommending financial and investment decisions within its approved limits.
- Assisting the Board in fulfilling its oversight responsibilities regarding IT Governance control.
- Ensuring that an effective system of financial and internal control is in place.
- Monitoring and assessing the overall integrity of the financial statements and disclosures of the financial condition and results of the Group.

During the year, the Committee reviewed the Company's process of accepting credit facilities from financial institutions, Dividend proposal, quarterly financial statements, tax-related matters, funding requirements of operating businesses, budgets, earnings forecasts, risk management reports, progress on key investments, and more.

The Committee also took certain decisions on the above-mentioned matters and made recommendations to the Board for approval at its quarterly board meetings.

The Committee had the following composition in the year under review, with the Chairman being a Non-executive Director.

- | | | |
|-------------------------------|---|-----------------|
| • Mr. Peter Elumelu | - | Chairman |
| • Mrs. Dupe Olusola | - | Member |
| • Mrs. Helen Iwuchukwu | - | Member |
| • Mrs. Owen Omogiafo | - | Member |
| • Mr. Alex Okoh | - | Member |

The FIC met four (4) times in 2021:

The table below shows the frequency meetings of the FIC and members attendance

Directors	Total no. of meetings obliged to attend	Total no. of meetings attended	Dates of meetings attended (dd/mm/yy)
Mr. Peter Elumelu	4	4	January 25, April 12, October 12, December 10
Mrs. Dupe Olusola	4	4	January 25, April 12, October 12, December 10
Mrs. Helen Iwuchukwu	4	4	January 25, April 12, October 12, December 10
Mrs. Owen Omogiafo	4	4	January 25, April 12, October 12, December 10
Mr. Alex Okoh / Muiyiwa Oduniyi	4	4	January 25, April 12, October 12, December 10

Each FIC meeting was attended by the Group CFO who presented the Financial and Risk Management reports.

(C) The Statutory Audit Committee

The Company's Statutory Audit Committee (SAC) is broadly empowered to, amongst other things, ascertain whether the Company's accounting and reporting policies are in line with legal requirements and agreed ethical practices, review the Company's system of audit, internal control, and findings on management matters together with departmental responses.

The Committee, which also reviews the performance of External Auditors to the Company, is chaired by a Shareholder and has two other shareholders and two directors as members. In addition to the powers conferred on the SAC by CAMA, the Committee is empowered to engage the services of independent consultants in the discharge of its duties.

The Committee comprised the following in 2021:

- | | | |
|-------------------------------|---|-----------------|
| • Mr. Akaninyene Obot | - | Chairman |
| • Mr. Eric Akinduro | - | Member |
| • Mr. Erinfolami Gafar | - | Member |
| • Mr. Peter Elumelu | - | Member |
| • Mrs. Helen Iwuchukwu | - | Member |

During the year under review, the SAC met five (5) times. The table below shows the frequency of meetings of the SAC and members' attendance.

Members	Total no. of meetings obliged to attend	Total no. of meetings attended	Dates of meetings attended (dd/mm/yy)
Mr. Akaninyene Obot	5	5	January 25, April 27, July 30, November 4, November 11
Mr. Eric Akinduro	5	5	January 25, April 27, July 30, November 4, November 11
Mr. Erifolami Gafar	5	5	January 25, April 27, July 30, November 4, November 11
Mr. Peter Elumelu	5	5	January 25, April 27, July 30, November 4, November 11
Mrs. Helen Iwuchukwu	5	5	January 25, April 27, July 30, November 4, November 11

(D) Executive Management Committee

The Executive Management Committee (EMC) is charged with the following responsibilities:

- Articulating the strategy of the Company and recommending the same to the Board for approval.
- Discussing strategic matters and their impact on the Company's investment portfolio.
- Articulating the manner through which investment sectors/new business areas and geographies will be chosen and making recommendations to the Board in that regard.
- Recommending to the Board the framework or policy for investment; and monitoring the implementation of investment procedures.
- In line with Board approvals, outlining of philosophy, policy, objectives and resultant tasks to be accomplished.
- Recommending to the Board, structures and systems through which activities are arranged, defined and coordinated in terms of specific objectives.
- Preparation of annual financial plans for the approval of the Board and ensuring the achievement of set objectives.

3. Internal Control/Audit

The Board, Management and staff of the Company take ownership and responsibility for protecting the Company against fraudulent transactions. The Internal Audit is however, specifically entrusted with providing independent assurance over internal control, risk and governance processes and procedures.

The Internal Audit Department also takes responsibility for ensuring and promoting compliance with statutory and regulatory requirements, as well as with internal policies approved by the Board and regulatory requirements, as well as with internal policies approved by the Board.

The Head of Internal Audit is fully empowered to do her job, and is independent of day-to-day operations and reports directly to the Audit Committee Chairman.

4. Relationship with Shareholders

The Company maintains continuous communication with its shareholders all year round. This enables them to understand our business, financial condition, operating performance and trends. Apart from our Annual Report, financial statements, market updates, regulatory disclosures, media statements and investor relations conferences and calls, the Company's website provides information on a wide range of matters for all stakeholders and provides a complaints management procedure and whistleblowing process with anonymous feedback options.

5. Investor Relations

The Company has an Investor Relations Unit under the Finance department which holds regular Investor conferences to brief all stakeholders on the performance of the Company. We also regularly brief the regulatory authorities and file regulatory returns and announcements which are accessible to investors and the general market via the stock market news.

6. Directors' Remuneration Policy

The remuneration policy of the Company as embedded in the Board Charter is structured to suit the environment in which the Company operates and the results it achieves at the end of each financial year. It is reviewed when necessary to meet economic realities and includes the following:

6.1 Non-Executive Directors Annual Fees & Allowances

Non-Executive Directors earn N2,000,000 as Directors' fees annually while the Chairman earns N3,000,000. Various components of remuneration are payable quarterly, half-yearly or annually.

6.2 Board Meetings

Non-Executive Directors earn N200,000 sitting allowances per meeting while the Chairman earns N300,000. Transportation costs and hotel expenses are reimbursed where applicable.

6.3 Committee Meetings

Non-Executive Directors earn N150,000 sitting allowances per meeting, while the Chairman earns N200,000. Transportation costs and hotel expenses are reimbursed where applicable.

6.4 Executive Directors

The remuneration policy for Executive Directors includes the following:

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

Variable annual remuneration linked to performance. The amount of this remuneration is subject to achieving specific, quantifiable and measurable KPIs set and appraised annually by the Board.

7. Summary Report of the Annual Corporate Governance Evaluation

The firm of Angela Aneke & Co. Limited performed the evaluation of the Board for the year ended December 31, 2021 in line with the requirements of the Financial Reporting Council ("FRC") Code of Corporate Governance (the "Code").

The statement by the external consultant on the Board and Corporate Governance evaluation are contained in pages 59 and 60 of the Annual Report and covers the summary of Board, Committees, individual Directors' and overall governance evaluation.

8. Human Resource Policies and Internal Management Structure

The Human Resource policy provides for benefits available to eligible employee in the Company. The Company has put in place internal control system to ensure that the company practices comply with regulations.

9. Gender Diversity on the Board and Employment

The Company maintains gender diversity at the Board level and in staff employment in order to have a fair and productive working environment. The ratio of women to men in the Company at Board level and in staff employment is 5:4.

10. Auditor

The firm of Deloitte & Touche has served for a period of two years as the independent Auditors. In accordance with section 401(2) Companies and Allied Matters Act 2020, Deloitte & Touche have indicated their willingness to continue after their second year as Independent Auditor of the company. The Directors shall seek members' authorisation at the Annual General Meeting to fix their remuneration.

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 2021, to the members of the Company. This report discloses the state of affairs of the Company and the Group.

1. Principal Activities

The Group is principally engaged in hospitality activities; rendering of hotel services by providing luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travelers and tourists from all over the world, to memorable lifestyle experiences through its digital platform, Aura by Transcorp Hotels which was launched on July 8, 2021.

2. Review of Financial Results and Activities

Full details of the financial position, results of operations and cash flows of the Group and Company are set out on pages 71 - 74 of this Annual Report. The summarised results are presented below.

The summarised results are presented below.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Revenue	21,742,192	10,158,154	20,883,277	9,647,364
Gross profit	16,229,493	6,668,680	15,671,029	6,371,464
Profit/ (Loss) before tax	1,662,611	(8,934,377)	1,111,722	(8,743,483)
Tax	(545,295)	2,664,769	(537,347)	2,612,024
Profit/ (Loss) after tax	1,117,316	(6,269,608)	574,375	(6,131,459)

3. Directors' Interests in Shares

The interests of each Director in the issued share capital of the Company as recorded in the register of Directors' shareholding as at 31 December 2021 were as follows:

Directors Shareholding as at 31 December 2021

Directors	Position	2021 Direct	2020 Direct	2021 Indirect	2020 Indirect
Mr. Emmanuel Nnorom*	Chairman	-	-	1,000,000	1,000,000
Mrs. Dupe Olusola	Managing Director	310,574	310,574	-	-
Mrs. Owen Omogiafo**	Non Executive Director	350,000	350,000	7,800,070,016	8,563,968,322
Mrs. Helen Iwuchukwu	Non Executive Director	10,000	10,000	-	-
Mr. Peter Elumelu	Non Executive Director	135,000	135,000	-	-
Mr. Alexander Okoh	Non Executive Director	10,000	10,000	-	-
Mr. Alexander Adeyemi***	Non Executive Director	-	-	1,131,165,000	1,131,165,000
		815,574	815,574	8,932,235,016	9,696,133,322

* Held indirectly through Vine Foods Limited.

** Held indirectly through Transnational Corporation of Nigeria Plc.

*** Held indirectly through the Ministry of Finance Incorporated.

There have been no changes in beneficial interests that occurred between the end of the reporting year and the date of this report.

The Group consists of the Company and its subsidiaries: Transcorp Hotels Calabar Limited, Transcorp Hotels Ikoyi Limited, Transcorp Hotels Port Harcourt Limited, and Aura by Transcorp Hotels Limited.

4. Director's Interests in Contracts

None of the directors notified the Company of any interest in contracts for the purpose of Section 303 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the financial year 2021.

5. Alternate Directorship

There is one alternate directorship, Mr. Toibudeen Muyiwa Oduniyi, who was appointed as an alternate Director to Mr. Alex Okoh.

6. Dividends

Having recovered from the impact of the pandemic and returned to profitability, the Board of Directors have recommended the payment of dividend of 7 kobo per share amounting to N716,976,989 (2020:Nil) on the outstanding ordinary shares of 10,242,528,411 shares of 50 kobo each. This is subject to shareholders declaration of same as final dividend at the next Annual General Meeting (AGM). Withholding tax at the applicable rate will be deducted at the time of payment.

7. Share Capital

The issued and fully paid shares of 50 kobo each of the Company as at 31 December 2021 were beneficially held as follows:

Issued	2021	2020	2021	2020
	N '000	N '000	Percentage of shares	
Transnational Corporation of Nigeria Plc	7,800,070	8,563,968	76.16 %	83.62 %
Ministry of Finance Incorporated	1,131,165	1,131,165	11.04 %	11.04 %
Other Shareholders	1,311,293	547,395	12.80 %	5.34 %
	10,242,528	10,242,528	100%	100%

There was no change in the issued share capital during the year under review. The analysis of shareholders as at 31 December 2021 is shown below:

Range	No. of Holders	Percentage %	Holdings	Percentage %
1-999	430	23.69	79,742	-
1000- 9,999	864	47.50	2,081,028	0.02
10,000 - 99,999	414	22.81	9,434,938	0.09
100,000 - 999,999	89	4.89	17,140,134	0.17
1,000,000 - 9,999,999	12	0.66	36,226,747	0.35
10,000,000 - 99,999,999	1	0.05	10,000,000	0.10
100,000,000 - 999,999,999	5	0.27	1,236,330,806	12.07
Above 1,000,000,000	2	0.11	8,931,235,016	87.20
Total	1,817	100	10,242,528,411	100

Shareholder Structure as at 31 December 2021

Holder Type	Holder count	Holdings	Percentage %
Individual	1,751	266,874,184	2.61
Government	1	1,131,165,000	11.04
Corporate	53	8,843,405,271	86.34
Foreign	6	1,023,091	0.01
Joint	6	60,865	0.00
Total	1,817	10,242,528,411	100

Share capital history:

The following changes have taken place in the Company's share capital since inception.

Dates	Authorised (N)		Issued & Fully Paid-up		Consideration
	Increase (N)	Cumulative (N)	Increase (N)	Cumulative (N)	
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
17/12/2020	-	15,000,000,000	2,642,124,511	10,242,528,411	Right issue

8. Substantial Interest in Shares

According to the Register of Members as at 31 December, 2021, the following had more than 5% shareholding in the Company:

Issued	Holdings	%
Transnational Corporation of Nigeria Plc	7,800,070,016	76.16
Ministry of Finance Incorporated	1,131,165,000	11.04

9. Property, Plant and Equipment

Information relating to movement in property, plant & equipment is shown in Note 18 to the consolidated financial statements. In the opinion of the Directors, the market values of the Group and Company's properties are not less than the value shown in these financial statements.

10. Employment and Employees

Equality of opportunity, diversity and inclusion are a part of Transcorp Hotels Plc's identity.

a) Employment of physically challenged Persons

The Group has a policy of fair consideration of job applications by physically challenged persons having regard to their abilities and aptitude. The Group's policy prohibits discrimination against physically challenged persons in the recruitment, training and career development of its employees. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Group continues, and appropriate training is arranged for the affected.

b) Health, Safety and Environment

The Group's policies, particularly the HSSE (Health, Safety, Security & Environmental) Policy embodies the commitment of the Group in providing and maintaining a safe and healthy work environment. Consequently, the Group maintains business premises and a work environment that promotes the safety and health of its employees and stakeholders. Further, the Group provides medical insurance for its employees and their families through select health management organisations and hospitals.

c) Employees Development, Training and Engagement

The Group places a high premium on the development of its manpower and consults with employees on matters affecting their wellbeing. In the year 2021, formal classroom, onsite and offsite trainings, as well as online training courses were deployed in training and re-training all staff at various levels. The Group's skill base has been extended by a range of training provided to the employees, whose opportunity for career development within the Group has been enhanced.

Employees are kept fully informed of the Group's performance, and the Group operates an open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them e.g. through town hall meetings. Employees are also involved in the affairs of the Group through the service charge bonus scheme, which entitles them to a percentage of the hotel's service charge revenue.

11. Donations

No donations were made to any political party during the year.

The value of gifts and donations made by the Group during the year are analysed as follows:

Donations	2021	2020
Daughters of Charity food supply	3,482,439	1,318,842
Donation of Trophies for PCN Primary School	-	107,500
Donation of Items for Aged (CRS initiative)	303,900	-
	3,786,339	1,426,342

12. Securities Trading Policy

The Group's Code of Conduct contains the Securities Trading Policy. It prohibits employees and Directors from insider trading, dealings and stock tipping during closed periods. The Policy has established strict requirements prohibiting persons with access to material or price sensitive information through their roles, from sharing or making use of that insider information.

The Capital Market, Board and Management are regularly notified of closed periods, and no insider trading was recorded during the year.

13. Complaint Management Procedure

In line with the Securities and Exchange Commission (SEC) rule, a dedicated process and feedback mechanism for the management and resolution of shareholders' complaints is in place and can also be accessed on the Company's website.

14. Risk Management Policy and Practices

The Group has an Enterprise Risk Management Framework, which sets out the governance structure, process and policy requirements for the consistent management of risk. The Framework was developed to institutionalize risk management practices across Transcorp Hotels Plc.

It covers the principles such as Risk Management Objectives, Risk Management Strategies, Risk Management Philosophy and Culture, Risk Appetite and Risk Oversight as well as the processes including risk identification, analysis, management, monitoring, reporting and communication. The Board sets the tone and risk appetite for each business and risks identified. Management assesses the risks following a quarterly risk assessment exercise. The Finance and Investment Committee(FIC) has oversight for risk management. The Risk Report is presented quarterly at each FIC meeting and key risks noted are escalated to the Board with recommendations from the FIC.

The risk management systems and practices at the Company are effective and efficient

15. Fines and Penalties

The Company was not fined during the year under review.

16. The Nature of Any Related Party Relationships and Transaction

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Amount owed to related parties				
Transnational Corporation of Nigeria Plc	5,058,564	8,019,780	5,058,564	8,007,598
Trans Afam Power Limited	17,847	-	17,847	-
Transcorp Power Limited	7,091,305	6,588,586	7,091,305	6,588,687
	12,167,716	14,608,366	12,167,716	14,596,285
Amount owed from related parties				
Aura by Transcorp Hotels Limited	-	-	107,359	-
Transcorp Hotels Calabar Limited	-	-	387,011	189,459
Transcorp OPL 281 Limited	-	90	-	-
	-	90	494,369	189,459

Terms and Conditions of Transactions with Related Parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021, the Company did not recognise provision for expected credit losses relating to amounts owed by related parties (2020: Nil).

Related party borrowings

Included in the amount due to Transcorp Power is N6bn loan at 11.5%. Likewise included in the amount due from Transcorp Hotels Calabar is N200mn loan at 11.5%.

17. Other Terms

The Company entered into a Technical and Management Services Agreement with Transnational Corporation of Nigeria Plc. As stipulated in the signed agreement, the Company incurs annual management fee of N350 million or 5% of profit before tax, whichever is higher.

18. Events after the Reporting Date

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report which have not been adequately provided for and which could have a material effect on the financial position of the Company as at 31 December 2021.

19. Terms of Re-appointment of the Auditors

Messrs. Deloitte & Touche, having satisfied the relevant corporate governance rules, have indicated willingness to continue in office as auditors to the Group. In accordance with Section 401(2) of Companies and Allied Matters, Act 2020, the auditors will be re-appointed at the next Annual General Meeting of the Group without any resolution being passed.

Signed on behalf of the Board of Directors By:



Kofo Olokun - Olawoyin
FRC/2021/004/00000023325
Group Company Secretary
28 February 2022



Sustainability Report

At Transcorp Hotels Plc, commitment to sustainability has always been an integral part of our corporate culture. It is part of our strategic framework for transformational growth upon which our medium to long-term success is hinged.

Therefore, we promote sustainable processes and practices that ensure that our products and services contribute to the creation and development of enduring wealth for all our stakeholders. Our sustainability agenda is driven by our core values of Execution, Enterprise and Excellence (3Es), embedded intricately within our corporate strategy and culture.

We recognise the importance of sustainability as a driver of long-term value creation for our stakeholders. Hence, our Board and Management are committed to a sustainable future, improving the social, economic and environmental well-being of the communities where we operate.

Our commitment to sustainability remains strong even in the face of challenges ranging from foreign exchange volatility, inflation, a pandemic, to policy shocks, we are pleased to present our 2021 sustainability report. Our sustainability reporting is categorised into three (3) focus areas: **Environment, Social (Corporate Social Responsibilities) and Governance.**

Environment



By the year 2050, the world's population is expected to grow to more than nine billion. With this growth comes acceleration in global economic activity which will lead to rising consumption and demand for resources, putting a strain on the environment. Therefore, we play our part in protecting the environment through efficient waste management and recycling. Recycling reduces the need for extracting, refining and processing raw materials, processes which create substantial air and water pollution. Recycling saves energy and reduces greenhouse gas emissions, fighting climate change.

Again in 2021, Transcorp Hilton Abuja partnered with Chanja Datti on Recyclable Waste Collection.

The Hotel also sustained its "Water: Save Every Drop" initiative consistent with the Hilton ESG strategy "Travel with Purpose" to conserve water while maintaining the luxury experience.

Food Waste: We are focused on reducing food waste and employing a circular model across our value chain. Our waste reduction strategy seeks to decrease the overall amount of waste produced in our hotels, while taking steps to divert remaining waste from landfill through donation, recycling, composting, energy from waste incineration and other opportunities.





Social (corporate social responsibility)

An integral part of our strategy is hinged on the Company's increasing awareness of the need for Corporate Social Responsibility (CSR). Over the year, the CSR activities across our businesses (Transcorp Hilton Abuja, Transcorp Hotels Calabar and Aura by Transcorp Hotels) focused on Education, Empowerment and Entrepreneurship, in line with our social goals. Below are some of our activities in 2021.

Transcorp Hotels Plc:

Transcorp Hotels Plc. donates to the Tony Elumelu Foundation (TEF) through Transnational Corporation of Nigeria Plc. In 2021, TEF was able to train 4949 Entrepreneurs in Africa and empowered them to start businesses that directly impact their communities and create meaningful work.

Transcorp Hotels Calabar:

The Hotel donated items on their visit to the Pope John Paul II Good Samaritan Home for the Aged.





Transcorp Hilton Abuja

We engaged in a number of CSR activities solely or in partnerships with the local communities and/or NGOs. Some of which include:

- i. **Self-Starter Seminar** in partnership with ACE Charity - We provided the opportunity for 50 young people to learn directly from industry experts on how to start off on their career path.
- ii. Provided event hall for the Disability Rights Advocacy Center (DRAC) for a fundraiser geared towards **improving the lives of women and girls with disabilities**.
- iii. **World Autism Month** Free exhibition space for solo art exhibition for Kanye (a talented kid living with autism);
- iv. **Monthly donation** of foodstuffs, bed linens, duvet covers and pillowcases to Daughters of Charity Hospital, Pillar of Hope Trust Foundation and Dele Oye Foundation. We were able to support them for 4 months this year.
- v. Bi-weekly documentary screening in partnership with American Film Society (AFS Abuja Film Club) and International Institute for Creative Development (IICD) aimed at fostering dialogue and inspiring change in our society; and
- vi. Global Handwashing Day Awareness at Bright Future Community Nursery and Primary School.



Staff of Transcorp Hilton visit Daughters of Charity Hospital.





Governance

Our Corporate Governance structure is designed to ensure our business is sustainable, achieving a long-term increase in shareholder value. We hold ourselves to the highest standards in ethical business practices, public policy and advocacy, risk management and internal control.

With the requisite oversight and leadership of our Board of Directors, Transcorp Hotels Plc. has continued to ensure that the governance principles of transparency, accountability and security are sustained across all activities of the business. We have continued to put in place policies and procedures that govern the relationship between the Board, Management and all stakeholders to ensure transparency, fairness, accountability, financial sustainability and enhance shareholder value.

Below are some of the governance tools deployed by the Board to achieve its objectives:

Executive Management Committee:

A robust Executive Management team is in place governed by a Board approved charter. They are responsible and accountable for the execution of the strategy and directive from the Board.

Enterprise Risk Management:

Risk management is prioritised through a robust governance structure that establishes individual and collective accountabilities for risk management, risk oversight and risk assurance. A clearly documented Enterprise Risk Management (ERM) Framework is in place, dedicated to the identification, assessment, treatment and monitoring of risks across the Company.

The Company's risk management framework is supported by a committee-based structure designed to confirm that the risk management system across the Company is in line with regulations and leading practices. The Board, through the Finance & Investment Committee, however, has ultimate responsibility for risk management and it is responsible for approving risk management policies and associated amendments.

In 2021, a fraud risk management programme was developed to provide stronger oversight of matters surrounding the risk of fraud.

Stakeholder Engagement

We recognise that positive outcomes cannot be achieved without adequate engagement of our diverse stakeholders. As such, we engage our stakeholders as well as employees through various media (surveys, forums/feedback sessions, retreats, newsletters, letters of commendation) to ensure stakeholder needs and concerns are received, understood and addressed. We also engage stakeholders through the following media:

Stakeholders	Governance Tools
Shareholders and Investors	• Annual General Meeting • Annual Report • Company Website • NGX and SEC Websites • Complaints Management System • Media
Suppliers and Business Partners	• Meetings and Investor relations calls • Site Visits • Whistleblowing reporting mechanism • Townhall Meetings
Employees	• Newsletters • Team bonding and knowledge sessions • Whistle blowing reporting mechanism • Corporate Social Responsibility Activities
Community	• Partnerships • Courtesy visits
Government and Regulatory Authorities	• Remittances • Letters and Formal Emails • One-on-One meetings
Media	• Emails • Press release • Conferences and Interviews • Social Media articles • Media Parleys

Policies and Procedures

Dedicated policy documents that institutionalise the Company's values, provides guidance on ethical issues, and fosters a culture of honesty and accountability have been put in place by the Board and are implemented by the Management. Six (6) policies were approved within the 2021 Financial Year.

A whistleblowing procedure: dedicated process for reporting suspected violations of the Company's policies or national laws and regulations is in place.

Details of the whistle blowing channels are:

Telephone: 070 340 67 924

Email: whistleblower@transcorphotelsplc.com

Complaints Management Policy Transcorp Hotels Plc. has in place a Complaints Management Policy ("the Policy") in accordance with the requirements of the Securities and Exchange Commission. The Policy sets out the broad framework for handling shareholder complaints in a fair, impartial, efficient and timely manner. The Policy can be accessed via the Company's website.

Also, in place, are Data protection policies to safeguard and protect customers, employee and guest information.

Employees

Our people remain our most valued assets. The ability to deliver as a team through the embodiment of our culture of Excellence, Execution and Enterprise remains the driving force for our sustained growth.

The Company's position as an equal opportunity employer guarantees our employees the right to be treated without discrimination on the grounds of race, ethnicity, gender, age, disability, education, personalities, religion or experience. In reinforcing this commitment, we also sought opportunities to achieve further gender balance across job functions and roles with over 50% of our current workforce women.

The Company also takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times.

We operate a non-discriminatory policy across all our entities (Transcorp Hotels Calabar, Aura by Transcorp Hotels and Transcorp Hilton Abuja) in the consideration of applications for employment including those received from physically challenged persons. The Company's policy prohibits discrimination against such persons in the recruitment, training and career development of its employees.

Vendors and Suppliers

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

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

Customers/Guests

Transcorp Hotels Plc. understands that Guest loyalty is priceless and takes active steps to "make it right the first time" focusing on the Kaizen principle of Continuous improvement and institutionalizing the culture of zero tolerance for discrimination and poor service delivery.

This year, the focus on guest experience and safety remained foremost in our minds. CleanStay programmes coupled with excellent customer service resonated consistently with all team members throughout the year. Safety and Health officers were deployed in strategic locations of the hotel to ensure that all safety protocols were adhered to.

PASTRY CORNER

CAKE





Awards and Recognition

In recognition of Transcorp Hotels Plc. as a distinguished player within the Hospitality Industry, our Company received the following awards

Transcorp Hilton Abuja

Transcorp Hilton Abuja was named **Africa's Leading Business Hotel of the Year**, for the seventh consecutive year at the 2021 World Travel Awards.

At the 28th edition of the annual World Travel Awards 2021, the Hotel also won:

Nigeria's Leading Business Hotel

Nigeria's Leading Hotel

Nigeria's Leading Hotel Suite (the Presidential Suite)

Transcorp Hotels Calabar

Transcorp Hotels Calabar also emerged as the winner of the **Best City Hotel in Nigeria** at the 2021 International Travel Awards. We also received a special recognition award from Cross Rivers State Safety Commission as **Best Safety Compliant Hotel 2021**.

Transcorp Hotels Plc.

In recognition for our compliance with the Nigerian Data Protection Laws, NITDA recognised the Company as part of the entities that prioritized compliance with the requirements of the NDPR in 2021.

Our company was also recognised as **Nigeria's best Diversity, Equity, and Inclusion (DEI) compliant Company**.

We were recognised by the Nigeria at 60 Awards as the Most Outstanding Hotel and Hospitality Company.

We outperformed 147 other companies studied by international Organisational Culture consultancy Hofstede Insights' team in Nigeria, ramping up a total score of 76 out of 100 in the four key DEI parameters measured: gender diversity, age diversity, ethnic diversity and educational backgrounds.



February 25, 2022

Statement by the External Consultants on the Board Evaluation of Transcorp Hotels Plc. for the year ended December 31, 2021

The Board of Directors of Transcorp Hotels Plc. ("Transcorp Hotels Plc." or the "Company"), engaged Angela Aneke & Co. Limited to perform an evaluation of the Board for the year ended December 31, 2021, in line with the requirements of Principle 14 of the Financial Reporting Council's Nigerian Code of Corporate Governance (FRC Code). The agreed scope of services for the evaluation exercise was specified in our letter of engagement.

The criteria for our review and report are benchmarked against the principles in the FRC Code, Securities and Exchange Commission Corporate Governance Guidelines (SCGG), the Company's corporate governance framework, as well as global best practice.

Our methodology included a review of documents provided by the Company, research on global best practice, interviews, and questionnaires, including an online self and peer assessment by members of the Board. Our detailed report has been submitted to the Board of Directors for their adoption and further action.

The Chairman of the Board effectively leads the operations of the Board to ensure the company's strategic objectives are met and acts as the main link between the Board and the CEO as well as advising the CEO in the effective discharge of her duties.

The Board of Transcorp Hotels Plc. has an established Board Governance Charter. The mandates and terms of reference of the Board committees are clearly defined in the Board Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management, internal audit and controls, regulatory compliance, and information technology governance. Furthermore, Directors largely achieved 100% attendance at all the Board and Board Committee meetings held in 2021.

The Board and its Committees have an appropriate balance of skills and diversity including experience and gender. The Board is composed of seasoned professionals with a wealth of experience committed to the long-term success of the Company. The Board is diverse in experience, skills, and gender. The appointment of female Directors in key roles such as MD/CEO has further improved the balance and diversity of the Board. The Board executed its functions of Strategic Direction, Policy Formulation, Decision Making and Oversight within the year objectively and effectively.

On the basis of our work, we conclude that the Board of Transcorp Hotels Plc. is effective and continues to demonstrate a commitment to maintaining strong corporate governance in line with global best practice. It has a formal and established corporate governance framework in place and the Company has substantially applied the 28 principles of the FRC Code.

Yours faithfully,
FOR: **Angela Aneke & Co. Limited**



Angela Aneke

Managing Director

FRC/2013/IODN/00000002473

February 25, 2022

Statement by the External Consultants on the Corporate Governance Evaluation of Transcorp Hotels Plc. for the year ended December 31, 2021

The Board of Directors of Transcorp Hotels Plc. ("Transcorp Hotels Plc." or the "Company"), engaged Angela Aneke & Co. Limited to perform a Corporate Governance evaluation for the year ended December 31, 2021, in line with the requirements of Principle 15 of the Financial Reporting Council's Nigerian Code of Corporate Governance (FRC Code). The agreed scope of services for the evaluation exercise was specified in our letter of engagement.

The criteria for our review and report are benchmarked against each of the 28 principles of the FRC Code, Securities and Exchange Commission Corporate Governance Guidelines (SCGG), the Company's corporate governance policies and charters, as well as global best practice.

Our methodology included a review of documents provided by the Company, research on global best practice, interviews, and questionnaires, including an online self and peer assessment by members of the Board. Our detailed report has been submitted to the Board of Directors for their adoption and further action.

Transcorp Hotels Plc. has formal policies and charters that guide the governance culture of the Company. The Board of Transcorp Hotels Plc has an established system of corporate governance underpinned by a Board Governance Charter. The mandates and terms of reference of the Board Committees are clearly defined in the Board Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management, internal audit and controls, regulatory compliance, and information technology governance. Policies that address risk management, internal control, code of conduct, business ethics, shareholder engagement and disclosures are formalized at Transcorp Hotels Plc.

A framework for managing risk and internal control is in place at Transcorp Hotels Plc. The risks the company faces and risk mitigating strategies are effectively monitored and reported to the Board at its quarterly meetings. The internal control function also provides assurance to the Board and its Committees on its effectiveness at its quarterly meetings. An effective whistle blowing framework for reporting illegal and unethical behavior is also in place. The Company also acted as a responsible citizen by embarking on several corporate social responsibility activities in 2021.

On the basis of our work, we conclude that corporate governance practices at Transcorp Hotels Plc. are formalised, established and in line with global best practice. The corporate governance framework of the Company has substantially applied the 28 principles of the FRC Code.

Yours faithfully,
FOR: Angela Aneke & Co. Limited



Angela Aneke
Managing Director
FRC/2013/IODN/00000002473

Statement of Directors' Responsibilities

The Directors of Transcorp Hotels Plc. accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- a) properly selecting and applying accounting policies
- b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- c) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the Group will not remain a going concern in the year ahead.

Certification of Financial Statement

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group as of and for, the periods covered by the audited financial statements;

We state that Management and Directors:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company (and its subsidiaries) is made known to the officer by other officers of the Group, particularly during the period in which the audited financial statement report is being prepared,
- (ii) has evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certifies that the Group's internal controls are effective as of that date;

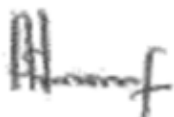
Statement of Directors' Responsibilities

We have disclosed:

- i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and has identified for the Group's auditors any material weaknesses in internal controls, and
- ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Group's internal control; and
- d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group for the year ended 31 December 2021 were approved by the Directors on 28th February 2022

Signed on behalf of the Board by:



Mr. Emmanuel Nnorom
Chairman
FRC/2014/ICAN/00000007402



Mrs. Dupe Olusola
Managing Director/CEO
FRC/2020/003/0000002104

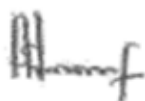
STATEMENT ON THE COMPANY'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE ACTIVITIES

The Board of Directors view Environmental, Social and Governance ("ESG") issues as a business imperative and have provided the required oversight on the Company's activities.

In accordance with the provisions of Sec 28.8 of the Nigerian Code of Corporate Governance 2018 ("the Code"), we, the Board of Directors of Transcorp Hotels Plc. ("the Company"), hereby report on the ESG activities of the Company for the year ended 31 December 2021.

- a. An integral part of our strategy remains hinged on the Company's increasing awareness of the need for Corporate Social Responsibility ("CSR"), promoting a clean natural environment and good corporate governance. In 2021, we embarked on CSR activities focused on education, empowerment, and entrepreneurship. Details of these activities can be found in the Sustainability Report.
- b. The governance, risk management, compliance and internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the Company's governance and Internal control systems.
- c. Stakeholder engagement was sustained in the year through, investor relation calls, media parleys, regulatory remittances and unrestricted access to the Company's website, emails and office premises.

Thank you.



Emmanuel N. Nnorom

Chairman, Board of Directors

FRC/2014/ICAN/00000007402

REPORT OF THE STATUTORY AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2021

To the members of Transcorp Hotels Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act 2020, we, the members of the Statutory Audit Committee of Transcorp Hotels Plc ("the Company"), hereby report that:

- a. The accounting and reporting policies of the Company for the year ended 31 December 2021 are consistent with legal requirements and ethical practices;
- b. The internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems;
- c. The scope and planning of the statutory independent audit for the year ended 31 December 2021 are satisfactory; and
- d. We have considered the independent auditors' post audit report and Management responses thereon and are satisfied with the responses to our questions as well as the state of affairs at Transcorp Hotels Plc.



Mr. Akaninyene Obot
FRC/2013/ICAN/00000004721

Dated this 24th day of February 2022

Members of the Statutory Audit Committee

- | | | |
|----|----------------------|----------|
| 1. | Mr. Akaninyene Obot | Chairman |
| 2. | Mr. Eric Akinduro | Member |
| 3. | Mr. Erinfolami Gafar | Member |
| 4. | Mr. Peter Elumelu | Member |
| 5. | Mrs. Helen Iwuchukwu | Member |

FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Shareholders of Transcorp Hotels Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Transcorp Hotels Plc** and its subsidiaries (the Group and Company) set out on pages 71 to 146, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **Transcorp Hotels Plc** as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and Financial Reporting Council Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of the consolidated Financial Statements in Nigeria.

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, is of most significance in our audit of the consolidated and separate financial statements of the current year. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Key Audit Matter	How the Matter was addressed in the audit
Assessment of Goodwill impairment The Group has a goodwill balance of N1.975 billion, which relates to the 100% acquisition of Transcorp Hotels Calabar Limited on 30 September 2012. The asset is not amortised but tested for impairment annually. Goodwill was calculated as the difference between the purchase consideration for the 100% interest in Transcorp Hotels Calabar and the net assets of the acquired Company at the date of acquisition. Goodwill was allocated to the Cash Generating Unit (CGU), which is Transcorp Hotels Calabar Limited. In line with the provisions of IAS 36 - Impairment of assets, the Company tested goodwill for impairment and no impairment charge has been recorded against Goodwill balance in the current year. The recoverable amount has been arrived at by using the fair value less costs of disposal approach. To establish the fair value, the Company engaged an external valuer who determined the fair value of the property, plant and equipment, based on several valuation assumptions and deemed the fair value of the other assets to be same as their current carrying amount. The annual impairment test is significant to our audit because the related balance is significant to the Group and the testing process is complex and requires significant judgements made by the directors concerning the estimated value. Accordingly, the impairment test of goodwill is considered a key audit matter due to the impact of the above assumptions. The disclosure of goodwill is set up in Note 21 of the consolidated and separate financial statements.	To determine the appropriateness of the management assumptions, methodology and conclusions on the impairment assessment of the goodwill balance, in line with the provisions of IAS 36, we performed the following procedures: • We considered the determination of Transcorp Hotels Calabar as an identifiable cash-generating unit. • Evaluated the appropriateness of the fair value approach used by management in determining the recoverable amount of the cash-generating unit. • Evaluated the reasonableness of the methods and assumptions the management's expert used to estimate the fair value of the Assets of Transcorp Hotels Calabar. • Independently engaged a valuation expert who carried out a valuation of the property, plant and equipment (PPE) of Transcorp Hotels Calabar to challenge management assumptions and methodologies used in determining the recoverable amount for the impairment testing. • Agreed the balances for other operating assets and liabilities used in the fair value assessment to the audited financial statements of Transcorp Hotels Calabar. • Reviewed management assumptions used to determine the estimated cost of disposal. • Assessed the sufficiency and appropriateness of the disclosures given in respect of goodwill and its sensitivity. On the basis of the evidence obtained from our audit, we consider the valuation method and the underlying assumptions to be an appropriate and reasonable basis for the impairment testing of goodwill with an indefinite useful life.

The Key Audit Matter applies to the consolidated financial statements and there is no Key Audit for the separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Chairman's Statement, CEO's Report, Sustainability Report, Statement of Directors Responsibilities, Statement on the Company's Environmental, Social and Governance Activities, Report of the Statutory Audit Committee and the Company Secretary's Report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

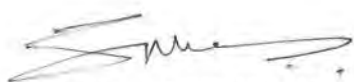
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of Companies and Allied Matters Act, 2020 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Stella Mba - FRC/2013/ICAN/00000001348

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
28 February 2022



Consolidated and Separate Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 31 December 2021

		Group		Company	
	Note	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Revenue	9.	21,742,192	10,158,154	20,883,277	9,647,364
Cost of sales	10.	(5,512,699)	(3,489,474)	(5,212,248)	(3,275,900)
Gross profit		16,229,493	6,668,680	15,671,029	6,371,464
Other operating income/loss	11.	909,383	170,971	270,053	160,534
Impairment gains on financial assets	13.	20,224	53,199	22,947	55,732
Termination/retirement benefits	15.	-	(2,238,174)	-	(2,238,174)
Administrative expenses	14.	(11,428,226)	(8,288,927)	(10,787,375)	(7,792,649)
Operating profit/(loss)		5,730,874	(3,634,251)	5,176,654	(3,443,093)
Finance costs	12.	(4,072,562)	(5,306,339)	(4,072,562)	(5,306,339)
Finance income	12.	4,299	6,213	7,630	5,949
Profit/ (loss) before tax		1,662,611	(8,934,377)	1,111,722	(8,743,483)
Income tax	16.	(545,295)	2,664,769	(537,347)	2,612,024
Profit/ (loss) for the year		1,117,316	(6,269,608)	574,375	(6,131,459)
Total comprehensive income/(loss) for the year		1,117,316	(6,269,608)	574,375	(6,131,459)
Profit/(loss) for the year attributable to:					
Owners of the Company		1,143,925	(6,270,663)	574,375	(6,131,459)
Non-controlling interests		(26,609)	1,055	-	-
		1,117,316	(6,269,608)	574,375	(6,131,459)
Earnings/(loss) per share					
Basic profit/(loss) per share (kobo)	17.	11	(77)	6	(75)
Diluted profit/(loss) per share (kobo)	17.	11	(77)	6	(75)

The accounting policies on pages 71 to 99 and the notes on pages 120 to 144 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position

As at 31 December 2021

		Group		Company	
	Note	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Assets					
Non-current assets					
Property, plant and equipment	18.	103,979,889	105,707,093	91,173,701	92,932,840
Investment property	19.	-	-	1,695,000	2,312,000
Goodwill	21.	1,974,756	1,974,756	-	-
Other intangible assets	20.	158,605	114,828	137,465	114,553
Investment in subsidiaries	8.	-	-	3,529,841	3,529,781
Long term receivables	35.1	-	-	6,753,736	6,671,327
Deferred tax assets	16.	132,556	132,719	-	-
		106,245,806	107,929,396	103,289,743	105,560,501
Current assets					
Inventories	23.	619,523	584,541	570,208	544,817
Trade and other receivables	24.	2,636,602	1,591,028	2,926,130	1,690,333
Prepayments	25.	1,422,337	1,000,110	1,404,657	984,260
Cash and bank balances	26.	4,965,458	1,818,257	4,765,806	1,776,138
		9,643,920	4,993,936	9,666,801	4,995,548
Total assets		115,889,726	112,923,332	112,956,544	110,556,049
Equity and Liabilities					
Equity					
Share capital	27.	5,121,264	5,121,264	5,121,264	5,121,264
Share premium	27.	12,548,859	12,548,859	12,548,859	12,548,859
Retained earnings		44,577,786	43,433,861	44,347,486	43,773,111
Equity attributable to Owners of the Company		62,247,909	61,103,984	62,017,609	61,443,234
Non-controlling interests		(27,684)	(1,075)	-	-
Total equity		62,220,225	61,102,909	62,017,609	61,443,234
Liabilities					
Non-current liabilities					
Borrowings	22.	16,448,964	13,152,338	16,448,964	13,152,338
Deferred income	29.	2,005,878	1,052,739	2,005,878	1,052,739
Deposit for shares	33.	2,410,000	2,410,000	-	-
Contract liabilities	30.	2,333,370	2,445,163	2,333,370	2,445,163
Deferred tax liability	16.	4,841,445	4,466,066	4,841,445	4,466,066
		28,039,657	23,526,306	25,629,657	21,116,306
Current liabilities					
Contract liabilities	30.	152,820	170,990	152,820	170,990
Trade and other payables	31.	17,606,939	19,743,723	17,291,083	19,450,017
Borrowings	22.	7,252,926	7,820,496	7,252,926	7,820,496
Deferred income	29.	450,659	252,796	450,659	252,796
Current tax liabilities	16.	166,500	306,112	161,790	302,210
		25,629,844	28,294,117	25,309,278	27,996,509
Total liabilities		53,669,501	51,820,423	50,938,935	49,112,815
Total equity and liabilities		115,889,726	112,923,332	112,956,544	110,556,049

The Consolidated and Separate Financial Statements were approved by the Board of Directors on the 28th of February 2022 and were signed on its behalf by:

Mr. Emmanuel Nnorom
Chairman
FRC/2014/ICAN/0000007402

Mrs. Oluwatobiloba Ojedian
Chief Finance Officer
FRC/2020/001/00000020314

Mrs. Dupe Olusola
Managing Director/CEO
FRC/2020/003/00000021104

The accounting policies on pages 77 to 99 and the notes on pages 100 to 144 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statements of Changes In Equity

As at 31 December 2021

Group	Share capital N'000	Share premium N'000	Retained earnings N'000	Total attributable to owners of the parent N'000	Non-controlling interests N'000	Total equity N'000
Balance at 1 January 2020	3,800,202	4,034,411	49,710,434	57,545,047	(2,130)	57,542,917
Loss for the year	-	-	(6,276,573)	(6,276,573)	1,055	(6,275,518)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(6,276,573)	(6,276,573)	1,055	(6,275,518)
Other comprehensive income	-	-	-	-	-	-
Issue of shares	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Total contributions by and distributions to Owners of Company	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Balance at 31 December 2020	5,121,264	12,548,859	43,433,861	61,103,984	(1,075)	61,102,909
Balance as at 1 January 2021	5,121,264	12,548,859	43,433,861	61,103,984	(1,075)	61,102,909
Profit for the year	-	-	1,143,925	1,143,925	(26,609)	1,117,316
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,143,925	1,143,925	(26,609)	1,117,316
Dividends	-	-	-	-	-	-
Balance at 31 December 2021	5,121,264	12,548,859	44,577,786	62,247,909	(27,684)	62,220,225

Company	Share capital N'000	Share premium N'000	Retained earnings N'000	Total attributable to owners of the parent N'000	Non-controlling interests N'000	Total equity N'000
Balance at 1 January 2020	3,800,202	4,034,411	49,904,570	57,739,183	-	57,739,183
Loss for the year	-	-	(6,131,459)	(6,131,459)	-	(6,131,459)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(6,131,459)	(6,131,459)	-	(6,131,459)
Other comprehensive income	-	-	-	-	-	-
Issue of shares	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Total contributions by and distributions to Owners of Company	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Balance at 31 December 2020	5,121,264	12,548,859	43,773,111	61,443,234	-	61,443,234
Balance at 1 January 2021	5,121,264	12,548,859	43,773,111	61,443,234	-	61,443,234
Profit for the year	-	-	574,375	574,375	-	574,375
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	574,375	574,375	-	574,375
Dividends	-	-	-	-	-	-
Total contributions by and distributions to Owners of Company	-	-	-	-	-	-
At 31 December 2021	5,121,264	12,548,859	44,347,486	62,017,609	-	62,017,609

The accounting policies on pages 77 to 99 and the notes on pages 100 to 144 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

For the Year Ended 31 December 2021

	Note	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Operating activities					
Cash generated from operations	32.	5,983,284	8,823,396	5,673,291	8,804,598
Income taxes paid	16.	(309,187)	(448,750)	(302,210)	(429,464)
Net cash from operating activities		5,674,097	8,374,646	5,371,081	8,375,134
Investing activities					
Interest received	12.	4,299	6,213	7,630	5,949
Purchase of interest in subsidiary	8.	-	-	(60)	-
Proceeds from sale of property, plant and equipment	11.	25,459	3,189	25,459	3,189
Purchase of property, plant and equipment	18.	(798,270)	(1,686,773)	(668,765)	(1,663,294)
Purchase of intangible asset	20.	(68,748)	(12,443)	(45,799)	(12,443)
Net cash used in investing activities		(837,260)	(1,689,814)	(681,535)	(1,666,599)
Financing activities					
Proceeds from share issue	27.	-	9,835,510	-	9,835,510
Proceeds from borrowings	22.	11,327,329	3,298,074	11,327,329	3,298,074
Repayment of borrowings	22.	(9,874,585)	(15,581,850)	(9,874,585)	(15,581,850)
Interest paid		(4,899,750)	(4,789,208)	(4,899,750)	(4,789,208)
Dividends paid		-	(87,944)	-	(87,944)
Net cash used in financing activities		(3,447,006)	(7,325,418)	(3,447,006)	(7,325,418)
Net increase/(decrease) in cash and cash equivalents		1,389,831	(640,586)	1,242,540	(616,883)
Cash and cash equivalents at beginning of year		1,818,257	2,439,341	1,776,138	2,374,956
Effect of foreign exchange rate changes		(23,855)	19,502	(34,097)	18,065
Cash and cash equivalents at end of year	26.	3,184,233	1,818,257	2,984,581	1,776,138

The accounting policies on pages 77 to 99 and the notes on pages 100 to 144 form an integral part of the consolidated and separate financial statements.

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Accounting Policies

1. Corporate information

Transcorp Hotels Plc. is a Public Limited Company incorporated and domiciled in Nigeria.

Transcorp Hotels Plc ('the Company' or 'the parent') was incorporated under the Companies and Allied Matters Act on 12 July 1994 as a private limited liability Company and is domiciled in Nigeria. Following a successful Initial Public Offer (IPO), the Company was in January 2015 listed on the Nigerian Exchange Group (formerly Nigerian Stock Exchange) and its shares are publicly traded.

The ultimate parent of the Company is Transnational Corporation of Nigeria Plc. with 76.16% (2020:83.62%) shareholdings.

The registered office is located at 1 Aguiyi Ironsi Street, Maitama, Federal Capital Territory, Abuja, Nigeria.

The Group is principally engaged in hospitality activities; rendering of hotel services by providing luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travelers and tourists from all over the world. Information on the Group's structure is provided in Note 8.

The consolidated and separate financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 28th February 2022.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

2.1 Basis of Preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate financial statements and the Companies and Allied Matters Act of Nigeria, 2020.

The consolidated and separate financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. The consolidated and separate financial statements are presented in Naira, which is the Group's and Company's functional currency.

All values are rounded to the nearest thousand (N'000), except when otherwise indicated.

These accounting policies are consistent with the previous year.

Going Concern

Management believes that a going concern assumption is appropriate for the Group due to sufficient capital adequacy ratio and projected liquidity. This is based on historical experience that short-term obligations will be re-financed as required in the normal course of business.

Liquidity ratio and continuous evaluation of current ratio of the Group is carried out on an ongoing basis to ensure that there are no going concern threats to the operations of the Group.

2.2 Segmental 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 that makes strategic decisions.

The basis of segmental reporting has been set out in Note 5

2.3 Consolidation

Basis of Consolidation

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the Company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through the use of its power over the entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangement
- The Group's voting rights and potential voting right

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Company.

Where a subsidiary is disposed off and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. 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.

Investments in Subsidiaries in the Separate Financial Statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Business Combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS standards. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date's fair values, unless another measurement basis is required by IFRS's.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill

Goodwill is determined as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of Goodwill

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2.4 Current versus Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Fair value measurement

The Group measures non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. The Group carry out periodic assessment on the need to change our external valuers.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.6 Revenue from contracts with customers

The Group is in the hospitality industry and largely offers lodging, meals and other guest services to customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

At contract inception, the Group assesses the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- A good or service (or a bundle of goods or services) that is distinct; or
- A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In arriving at the performance obligations, the Group assesses the goods and services as capable of being distinct and as distinct within the context of the contract after considering the following:

- If the customer can benefit from the individual good or service on its own;
- If the customer can use the good or service with other readily available resources;
- If multiple promised goods or services work together to deliver a combined output(s); and
- whether the good or service is integrated with, highly interdependent on, highly interrelated with, or significantly modifying or customising, other promised goods or services in the contract.

The Group recognises revenue from the following major sources:

- Rooms
- Food and beverages
- Accommodation and experience
- Other services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Rooms

A contract for the rendering of service by providing a room for an agreed period begins on performance which is when a customer checks in.

The Group recognises revenue from the provision of room over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an output method in measuring progress for the provision of room because time elapsed faithfully depicts the entity's performance towards complete satisfaction of the performance obligation. The normal credit term is 30 to 90 days upon check-in.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

i. Significant Financing Component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

ii. Customer Options that Provide a Material Right

The Group provides its corporate customers a volume-tiered pricing structure. This structure allows customers to acquire more rooms at reduced prices if they fully occupy their requested number of reserved rooms in the previous year.

The Group recognises the material right as a separate performance obligation that is satisfied over time. The Group allocates a portion of the transaction price based on the relative stand-alone selling price basis to the performance obligation by determining the likelihood of occurrence and multiplying it by the augmented discount that represents the material right.

The Group will recognize the revenue allocated to the material right when (or as) the option is exercised (and the underlying future goods or services are transferred) or when the option expires. This would be when the contract is either renewed or the renewal option expires.

iii. Allocating Discounts

The Group allocates a variable amount (and subsequent changes to that amount) entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation if both of the following criteria are met:

- the terms of a variable payment relate specifically to the Group's efforts to satisfy the performance obligation or transfer the distinct good or service (or to a specific outcome from satisfying the performance obligation or transferring the distinct good or service); and
- allocating the variable amount of consideration entirely to the performance obligation or the distinct good or service is consistent with the allocation objective in IFRS 15:73 when considering all the performance obligations and payment terms in the contract.

Food and Beverages

The Group sells food and beverages to hotel guests and visitors. A flat rate service charge is included in the consideration expected from the customer. The Group recognises revenue from the sale of food and beverages at a point in time when control of the food and beverage is transferred to the customer.

Acommodation and Experiences

The Group generates revenue from commissions on accommodation and experiences sold on the Aura platform. Hosts and hospitality enthusiasts, markets and sells accommodation to guests in their apartment suites, hotels and experiences like tours, photography, restaurant, etc.

Other Services

The Group generates revenue from other streams such as laundry services, business centre, gym, space rental and paid parking services. Revenue from rendering these services is recognised over time. Using an output method in measuring progress for the provision of the amenities because time elapsed faithfully depict the entity's performance towards complete satisfaction of the performance obligation.

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Security Deposit

The Group receives a refundable deposit from customers. The refundable deposit is called a security deposit and it is used to recoup unpaid balances owed by the customer. However, if the customer does not have unpaid balances, it is refunded to the customer.

2.7 Tax

Current Tax Assets and Liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax Assets and Liabilities

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax liability is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused deferred tax credits can be utilised.

Deferred tax asset is not recognised in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax Expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income."

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of Value added tax (VAT), except:

- When the Value added tax (VAT) incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value added tax (VAT) is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax (VAT) included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.8 Translation of Foreign Currencies

Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated consolidated and separate financial statements are presented in Naira which is the Group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. at the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

2.9 Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.10 Property, Plant and Equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Item	Useful Life
Freehold Land	Not depreciated
Leasehold Building	5 - 50 years
Plant & Machinery	3 - 25 years
Motor Vehicle	2 - 5 years
Computer Equipment	2 - 10 years
Furniture & Fittings	2 - 15 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

2.11 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is “identified”, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as Lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (Note 12).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use Assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability.
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating Leases

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Rental lease income is included in other operating income.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income. Contingent rents are recognised as revenue in the period in which they are earned.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

2.12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.13 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every year-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3-8 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.14 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

Fair value

Subsequent to initial measurement, investment property is measured at fair value.

Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

2.15 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income: this designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination.

Financial assets which are debt instruments:

- Amortised cost: this category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Fair value through other comprehensive income: this category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments; or
- Mandatorily at fair value through profit or loss: this classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or
- Designated at fair value through profit or loss: this classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Financial liabilities:

- Amortised cost
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 6 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at Fair Value through Profit or Loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected assets are reclassified on the first day of the first reporting period following the change in business model.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

2.15.1 Trade and Other Receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 24).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Trade and Other receivables amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are reviewed at every reporting period for impairment.

Recognition and Measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus, if any in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition.

Trade and other receivables are carried at amortised cost using the effective interest method.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the Effective Interest Method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (Note 12).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12 month expected credit losses (12 month ECL).

In order to assess whether to apply lifetime ECL or 12 month ECL to trade and other receivables which do have a significant financing component, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a receivable being credit impaired at the reporting date of an actual default occurring.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a receivable is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of Default

For purposes of internal credit risk management purposes, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Group considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2.15.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value and are stated at carrying amount which is deemed to be fair value.

2.15.3 Borrowings and Loans from Related Parties

Borrowings and loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to Note 6 for details of risk exposure and management thereof.

2.15.4 Trade and Other Payables

Trade and other payables (Note 31), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (Note 12).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to Note 6 for details of risk exposure and management thereof.

2.15.5 Bank Overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2.15.6 Derecognition

Financial Assets

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

Financial Liabilities

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

2.15.7 Offsetting of Financial Instruments

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

2.16 Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.17 Impairment of Assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

- tests goodwill acquired in a business combination for impairment annually or when circumstances indicate that the carrying value may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's Cash Generating Unit (CGUs) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

2.18 Provisions and Contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 34.

2.19 Employee Benefits

Short-Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and obligation can be estimated reliably.

Defined Contribution Plans

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates a defined contribution plan for its staff in accordance with the provisions of the Pension Reform Act 2014 as amended. This plan is in proportion to the services rendered to the Group by the employees with no further obligation on the part of the Group.

Each employee contributes 8% of annual earnings (basic pay, transport and housing), while the employer contributes 10% of employees annual earnings to the scheme. Staff contributions to the plan are funded through payroll deductions while the Group's contribution is recorded as employee benefit expense in profit or loss.

2.20 Deferred Income

Deferred income are recognised where there is reasonable assurance that a grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and a grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.21 Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

3. Significant Judgements and Sources of Estimation Uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical Judgements in Applying Accounting Policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease Classification

The Group is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the consolidated and separate financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

The Group has also determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the land property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Investment Property Valuation

The Group valued its investment property in the open market using the Depreciated Replacement Cost method of valuation. This method of valuation seeks to equate the market value of a property to the value of the site plus the current cost of erecting the building(s) and other infrastructural facilities on it, including professional fees and finance costs less an allowance for depreciation to account for age, wear and tear and obsolescence, where applicable.

The basis of valuation is the Market Value, that is the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming:

- a. a willing buyer;
- b. a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;
- c. values will remain static throughout the period;
- d. the property will be freely exposed to the market;

Revenue Recognition

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

The Group concluded that revenue from rooms and other services will be recognised overtime because, as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Hotel's performance.

The Group has determined that the output method is the best method in measuring progress rendering the services to the customer. The Output method recognises revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The Group has assessed that there is a direct relationship between the Group's measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

The Group concluded that revenue from selling food and beverages is to be recognised at a point in time because sales of food and beverage do not meet the requirements of being satisfied overtime. The Group has assessed that a customer obtains control of the food and beverage when:

- The Group has a present right to payment for the food and beverage;
- The Group has transferred physical possession of the food and beverage to the Customer;
- The customer has the significant risks and rewards of the food and beverage; and
- The customer has accepted the asset.

The Group has assessed that revenue earned from service charge will be satisfied as the Host good or service is being satisfied.

For rooms and other services: revenue earned from service charge levied on rooms and other services will be recognised over time, in line with how revenue from rooms and other services is being recognised.

For food and beverage: revenue earned from service charge levied on food and beverage will be recognised at a point in time, in line with the how revenue from food and beverage is being recognised.

Principal Versus Agent Considerations: Hilton Honours - Customer Loyalty Program

The Company participates in the Hilton Honours customer loyalty program. The loyalty program allows a customer to earn points for nights spent in the hotel. On accumulating sufficient points, the customer earns a discount that can be used at any Hilton Hotel worldwide. The Group determined that it acts as an agent in the transaction through assessing the following:

- The Group is not primarily responsible for fulfilling the promise to provide the specified benefit arising from earning loyalty points.
- The Group has no control of loyalty program
- The Group does not determine the cash value of the points earned by customers

Expected Manner of Realisation for Deferred Tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Key Sources of Estimation Uncertainty

Impairment Testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Useful Lives of Property, Plant and Equipment

Property, Plant and equipment represent one of the most significant proportion of the asset base of the Group, accounting for about 90% of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provision for Expected Credit Losses of Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next period which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forwardlooking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2021

4 New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Group's derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented).

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings
- Bills or exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform

The impact of the amendment is not material

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

The impact of the amendment is not material.

4.2 New and revised IFRS Standards in issue but not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2021 or later periods. They are listed below:

1. IFRS 17 (including the June 2020 amendments to IFRS 17) Insurance Contracts
2. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
3. Amendments to IAS 1 Classification of Liabilities as Current or Non-current
4. Amendments to IFRS 3 Reference to the Conceptual Framework
5. Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
6. Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
7. Annual Improvements to IFRS - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards 2018 - 2020 cycle, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
8. Amendments to IAS 1 and IFRS - Disclosure of Accounting Policies
9. Amendments to IAS 8 Definition of Accounting Estimates
10. Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendment is to be determined by the IASB, however earlier application of the amendment is permitted. It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

IFRS 3 Business Combinations

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

IAS 12 Income Taxes

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract IAS 12 Income Taxes

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Annual Improvements to IFRS Standards 2018-2020 —Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture IAS 12 Income Taxes

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.



Notes to the Consolidated and Separate Financial Statements

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Managing Director/Chief Executive Officer (MD/CEO) of Transcorp Hotels Plc. The MD/CEO reviews the Group's internal reporting in order to assess performance and allocate resources. The MD/CEO has determined the operating segments based on these reports. Assessment of performance is based on operating profits of the operating segment that is reviewed by the MD/CEO and other Directors. Other information provided to the Board is measured in a manner consistent with that of the financial statements.

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

All businesses are situated in Nigeria. In addition, there are no inter-segmental sales as all sales are to external customers and third parties.

Segments by entity	For the year ended 31 December 2021			
	Transcorp Hotels Calabar Limited N'000	Company Transcorp Hotels Plc N'000	Other Segments N'000	Group Transcorp Hotels Plc N'000
Rooms	461,050	13,624,603	-	14,085,653
Food & Beverage	345,560	6,124,282	-	6,469,842
Shop rental	-	823,269	-	823,269
Service charge	9,894	98,259	-	108,153
Recreation Service	-	142,548	-	142,548
Secretarial Service	-	38,379	-	38,379
Accommodation and experiences	-	-	546	546
Other operating revenue *	41,865	31,937	-	73,802
Total revenue from contracts with customers	858,370	20,883,277	546	21,742,192
Cost of Sales				
Rooms	(36,775)	(1,797,380)	-	(1,834,155)
Food and beverages	(209,645)	(3,285,606)	-	(3,495,250)
Other operating cost	(54,031)	(129,262)	-	(183,294)
Total Cost of Sales	(300,451)	(5,212,248)	-	(5,512,699)
Gross Profit	557,919	15,671,029	546	16,229,493
Other operating income	7,519	293,000	12,089	929,607
Admin expenses	(557,651)	(10,787,375)	(83,199)	(11,428,226)
Operating Income	7,787	5,176,654	(70,564)	5,730,874
Finance income/(cost)	(3,332)	(4,064,932)	-	(4,068,263)
Profit before tax	4,455	1,111,722	(70,564)	1,662,611
Tax	(7,948)	(537,347)	-	(545,295)
(Loss)/Profit after tax	(3,493)	574,375	(70,564)	1,117,316

* The total other operating income for the Group has factored in elimination of the fair value loss on Investment property which is transferred to Property, Plant and Equipment at cost on consolidation. Hence the total other operating income for the segments in the above does not equal the Group.

	Transcorp Hotels Calabar Limited N'000	Company Transcorp Hotels Plc N'000	Other Segments N'000	Group Transcorp Hotels Plc N'000
Assets:				
Property, plant and equipment	1,586,184	91,173,701	9,065,788	103,979,889
Investment property	-	1,695,000	-	-
Goodwill	-	-	-	1,974,756
Other intangible assets	607	137,465	20,533	158,605
Investment in subsidiaries	-	3,529,841	-	-
Long term receivables	-	6,753,736	-	-
Deferred tax assets	132,556	-	-	132,556
Current Assets	455,219	9,666,801	17,272	9,643,920
Total assets	2,174,566	112,956,544	9,103,593	115,889,726
Equity and liabilities:				
Issued capital	7,690	5,121,264	12,100	5,121,264
Share premium	1,342,310	12,548,859	10,000	12,548,859
Non-Controlling Interest	-	-	-	(27,684)
Retained earnings	82,783	44,347,486	(125,505)	44,577,786
Total equity	1,432,783	62,017,609	(103,405)	62,220,225
Total liabilities	741,782	50,938,935	9,206,998	53,669,501
Total equity and liabilities	2,174,565	112,956,544	9,103,593	115,889,726

For the year ended 31 December 2020				
	Company		Group	
	Transcorp Hotels Calabar Limited N'000	Transcorp Hotels Plc N'000	Other Segments N'000	Transcorp Hotels Plc N'000
Segments by entity				
Rooms	272,163	6,359,665	-	6,631,828
Food and beverages	207,726	2,364,604	-	2,572,330
Shop rental	-	77,753	-	77,753
Service charge	5,909	693,794	-	699,703
Recreation Service	-	84,996	-	84,996
Secretarial Service	-	29,147	-	29,147
Other operating revenue	19,082	37,405	-	56,487
Total revenue from contracts with customers	504,880	9,647,364	-	10,152,244
Cost of Sales				
Rooms	(120,323)	(1,940,444)	-	(2,060,767)
Food and beverages	(93,251)	(1,207,572)	-	(1,300,823)
Other operating cost	-	(127,884)	-	(127,884)
Total Cost of Sales	(213,574)	(3,275,900)	-	(3,489,474)
Gross Profit	291,306	6,371,464	-	6,662,770
Other operating income	(1,096)	216,266	9,000	224,170
Admin expenses	(478,355)	(10,030,823)	(17,923)	(10,527,101)
Operating Income	(188,145)	(3,443,093)	(8,923)	(3,640,161)
Finance income/(cost)	265	(5,300,390)	-	(5,300,125)
Loss before tax	(187,880)	(8,743,483)	(8,923)	(8,940,286)
Tax	52,745	2,612,024	-	2,664,769
Loss after tax	(135,135)	(6,131,459)	(8,923)	(6,275,517)

Assets:				
Property, plant and equipment	1,646,080	92,932,840	9,061,974	105,707,093
Investment property	-	2,312,000	-	-
Goodwill	-	-	-	1,974,756
Other intangible assets	275	114,553	-	114,828
Investment in subsidiaries	-	3,529,781	-	-
Long term receivables	-	6,671,327	-	-
Deferred tax assets	132,719	-	-	132,719
Current Assets	184,591	4,995,548	2,000	4,993,936
Total assets	1,963,665	110,556,049	9,063,974	112,923,332
Equity and liabilities:				
Issued capital	7,690	5,121,264	12,000	5,121,264
Share premium	1,342,310	12,548,859	10,000	12,548,859
Non-Controlling Interest	-	-	-	(1,075)
Retained earnings	86,276	43,773,111	(53,261)	43,433,861
Total equity	1,436,276	61,443,234	(31,261)	61,102,909
Total liabilities	527,389	49,112,815	9,095,235	51,820,423
Total equity and liabilities	1,963,665	110,556,049	9,063,974	112,923,332

* Other segments includes the three other subsidiaries in the Group; Aura by Transcorp Hotels, Transcorp Hotels Ikoyi and Transcorp Hotels PortHarcourt.

6. Financial Instruments and Risk Management

6.1 Capital Risk Management

The Group's objective when managing capital (which includes share capital, retained earnings, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Group's policy is to keep the gearing ratio between 20% and 70% and a minimum B credit rating. The Group includes within net debt, interest bearing loans and borrowings, less cash and bank balances.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Borrowings (Note 22)	23,701,890	20,972,834	23,701,890	20,972,834
Less: cash and bank balance (Note 26)	(4,965,458)	(1,818,257)	(4,765,806)	(1,776,138)
Net debt	18,736,432	19,154,577	18,936,084	19,196,696
Total capital: Equity	62,220,225	61,102,909	62,017,609	61,443,234
Capital and net debt	80,956,657	80,257,486	80,953,693	80,639,930
Gearing ratio	30%	31%	31%	31%

6.2. Financial Risk Management

The Group is exposed to the following risks from its use of financial instruments:

- Market risk (currency risk, interest rate risk and price risk);
- Credit risk; and
- Liquidity risk;

These risks contribute to the key financial risk that the proceeds from the Group's financial assets are insufficient to fund the obligations arising from insurance policy contracts.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

6.2.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, exchange rates and other price risk such as equity and commodity price risks. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Group deals primarily are US Dollars, GB Pounds and Euros.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting year.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

	Group		Company	
	2021 '000	2020 '000	2021 '000	2020 '000
Cash and short term deposits				
a) USD	5,762	479	5,741	402
b) GBP	33	44	33	44
c) Euro	3	2	3	2
Trade and other payables				
a) USD	1,875	765	1,875	765
Interest bearing loans and borrowings				
a) USD	-	8,589	-	8,589

Foreign Currency Sensitivity Analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the prior reporting year.

Group	2021	2021	2020	2020
Increase or Decrease in Rate	Increase	Decrease	Increase	Decrease
US Dollars 5% (2020:5%)	83,415	(83,415)	(166,542)	166,542
Euro 5% (2020:5%)	67	(67)	44	(44)
GB Pounds 5% (2020:5%)	832	(832)	1,149	(1,149)
	84,314	(84,314)	(165,349)	165,349
Company	2021	2021	2020	2020
Increase or Decrease in Rate	Increase	Decrease	Increase	Decrease
US Dollars 5% (2020:5%)	82,867	(82,867)	(166,542)	166,542
Euro 5% (2020:5%)	67	(67)	44	(44)
GB Pounds 5% (2020:5%)	832	(832)	1,149	(1,149)
	83,765	(83,765)	(165,349)	165,349

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates is being reduced since the Group's long-term debt obligations are fixed interest rates.



Price Risk

The Group is not exposed to commodity price risk.

There have been no significant changes in the price risk management policies and processes since the prior reporting year.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Risk management

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

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

The maximum exposure to credit risk is presented in the table below:

Group	2021			2020		
	Gross Carrying Amount N'000	Credit Loss Allowance N'000	Amortised Cost/Fair Value N'000	Gross Carrying Amount N'000	Credit Loss Allowance N'000	Amortised Cost/Fair Value N'000
Trade and other receivables	2,693,313	(56,711)	2,636,602	1,664,709	(73,681)	1,591,028
Cash and bank balances	4,965,458	-	4,965,458	1,818,257	-	1,818,257
	7,658,771	(56,711)	7,602,060	3,482,966	(73,681)	3,409,285

Company	2021			2020		
	Gross Carrying Amount N'000	Credit Loss Allowance N'000	Amortised Cost/Fair Value N'000	Gross Carrying Amount N'000	Credit Loss Allowance N'000	Amortised Cost/Fair Value N'000
Trade and other receivables	2,955,082	(28,952)	2,926,130	1,742,232	(51,899)	1,690,333
Cash and bank balances	4,765,806	-	4,765,806	4,765,806	-	4,765,806
	7,720,888	(28,952)	7,691,936	6,508,038	(51,899)	6,456,139

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

(ii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. However, some guests are required to provide security deposits for credit transactions while others are granted credit on the strength of their credibility and past performances. In the case of default, unpaid balances are set off against security deposit while others are referred to debt collection agents.

(iii) Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 24. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

6.2. Financial Risk Management

(iii) Impairment of Trade Receivables - continued

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Trade receivables - Group							
Days past due							
	Current N'000	<30 days N'000	30-60 days N'000	61-90 days N'000	>91 days N'000	>90 days (fully de- preciated) N'000	Total N'000
31-Dec-21							
Expected credit loss rate	1.69%	2.47%	5.34%	7.18%	4.55%	100.00%	
Estimated total gross carry- ing amount at default	372,075	275,671	85,023	99,648	139,133	25,615	997,166
Expected credit loss	6,277	6,802	4,538	7,150	6,330	25,615	56,711
	Current	30 days	30-60 days	61-90 days	> 91 days	> 90 days (fully deprec- iated) N'000	Total N'000
31-Dec-20							
Expected credit loss rate	6.62%	7.21%	6.17%	5.83%	2.51%	-	
Estimated total gross carry- ing amount at default	234,222	212,908	95,184	134,581	241,560	-	918,455
Expected credit loss	15,877	14,540	5,883	7,855	29,447	-	73,602

Trade receivables - Company						
Days past due						
	Current N'000	<30 days N'000	30-60 days N'000	61-90 days N'000	>91 days N'000	Total N'000
31-Dec-21						
Expected credit loss rate	1.68%	2.43%	5.61%	7.07%	5.21%	
Estimated total gross carry- ing amount at default	370,929	265,271	74,623	100,035	96,143	907,002
Expected credit loss	6,235	6,447	4,184	7,075	5,013	28,952
	Current	<30 days	30-60 days	61-90 days	>91 days	
31-Dec-20						
Expected credit loss rate	6.62%	7.21%	6.17%	5.83%	2.51%	
Estimated total gross carry- ing amount at default	234,222	195,590	88,124	132,372	195,960	846,268
Expected credit loss	15,877	14,105	5,439	7,718	5,506	48,645

Reconciliation of Loss Allowances

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
As at 1 January	73,602	126,940	48,645	104,377
Provisions reversed	(20,224)	(53,199)	(22,947)	(55,732)
Write-off	3,333	(139)	3,254	-
As at 31 December	56,711	73,602	28,952	48,645

6.2. Financial risk management

(iv) Impairment of other financial assets

Expected credit loss measurement - other financial assets

The Group applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.15.1 Significant accounting policies. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2020 and 31 December 2021.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

(iv) Impairment of other financial assets (Cont'd)**Group and Company - 31 December, 2021**

Key drivers	ECL Scenario	Assigned probabilities	2022	2023	2024
Crude Oil Price (USD)					
	Upturn	50%	55.61	57.07	57.07
	Base	50%	42.44	54.96	54.96
	Downturn	-%	51.18	52.64	52.64
Unemployment rate %					
	Upturn	10%	0.26	0.26	0.26
	Base	80%	0.34	0.34	0.34
	Downturn	10%	0.36	0.36	0.36
Inflation rate %					
	Upturn	-%	0.11	0.11	0.11
	Base	83%	0.12	0.12	0.12
	Downturn	17%	0.12	0.12	0.12

Group and Company - 31 December, 2020

Key drivers EDTF 3	ECL Scenario	Assigned probabilities	2021	2022	2023
Oil Price (USD)					
	Upturn	50%	55.61	57.07	57.07
	Base	50%	42.44	54.96	54.96
	Downturn	-%	51.18	52.64	52.64
Unemployment rate %					
	Upturn	10%	0.26	0.26	0.26
	Base	80%	0.34	0.34	0.34
	Downturn	10%	0.36	0.36	0.36
Inflation rate %					
	Upturn	-%	0.11	0.11	0.11
	Base	83%	0.12	0.12	0.12
	Downturn	17%	0.12	0.12	0.12

Financial Risk Management (Cont'd)

Excessive risk concentration

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due as a result of obligations, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the consolidated balance sheet and sales of assets, or potentially an inability to fulfil obligations and commitments.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

This is generally carried out at each of the respective companies of the Group in accordance with practice and limits set by the Group. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Financial Risk Management (Cont'd)

Group						
Year ended 31 December 2021	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total days N'000
Borrowings (Note 22)	198,374	396,748	6,657,803	7,917,833	8,531,132	23,701,890
Trade and other payables (Note 31)	-	17,606,939	-	-	-	17,606,939
	198,374	18,003,687	6,657,803	7,917,833	8,531,132	41,308,829
Year ended 31 December 2020	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total days N'000
Borrowings (Note 22)	92,760	245,811	7,481,925	12,744,007	408,331	20,972,834
Trade and other payables (Note 31)	-	19,743,723	-	-	-	19,743,723
	92,760	19,989,534	7,481,925	12,744,007	408,331	40,716,557
Company						
Year ended 31 December 2021	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total days N'000
Borrowings (Note 22)	198,374	396,748	6,657,803	7,917,833	8,531,132	23,701,890
Trade and other payables (Note 31)	-	17,291,083	-	-	-	17,291,083
	198,374	17,687,831	6,657,803	7,917,833	8,531,132	40,992,973
Year ended 31 December 2020	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total days N'000
Borrowings (Note 22)	92,760	245,811	7,481,925	12,744,007	408,331	20,972,834
Trade and other payables (Note 31)	-	19,450,017	-	-	-	19,450,017
	92,760	19,695,828	7,481,925	12,744,007	408,331	40,422,851

Security deposit has been deducted from Trade and other payables in this assessment because they are advance from customers

7. Fair value information

Accounting classification and Fair value measurements

Notes to the Consolidated and Separate Financial Statements |

The table below summarises the carrying amounts and fair values of the financial assets and liabilities.

Group	Carrying Amount						Fair Value			
31 December 2021 Amounts in (N'000)	Note	Fair Value - Through P&L	Financial Assets Measured at Amortised Cost	Fair Value - Through OCI	Total	Amortized Cost	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value										
Financial Assets not Measured at Fair Value										
Trade and other receivables	24.	-	940,455	-	940,455	940,455	-	-	-	940,455
Cash and bank balances	26.	-	4,965,458	-	4,965,458	4,965,458	-	-	-	4,965,458
		-	5,905,913	-	5,905,913	5,905,913	-	-	-	5,905,913
Financial Liabilities not Measured at Fair Value										
Borrowings	22.	-	23,701,890	-	23,701,890	23,701,890	-	-	-	23,701,890
Trade and other payables (excluding security deposits)	31.	-	17,432,747	-	17,432,747	17,432,747	-	-	-	17,432,747
		-	41,134,637	-	41,134,637	41,134,637	-	-	-	41,134,637
31 December 2020										
Amounts in (N'000)										
Financial Assets Measured at Fair Value										
Financial Assets not Measured at Fair Value										
Trade and other receivables	24.	-	844,864	-	844,864	844,864	-	-	-	844,864
Cash and bank balances	26.	-	1,818,257	-	1,818,257	1,818,257	-	-	-	1,818,257
		-	2,663,121	-	2,663,121	2,663,121	-	-	-	2,663,121
Financial Liabilities not Measured at Fair Value										
Borrowings	22.		20,972,834	-	20,972,834	20,972,834	-	-	-	20,972,834
Trade and other payables (excluding security deposits)	31.		19,591,690	-	19,591,690	19,591,690	-	-	-	19,591,690
		-	40,564,524	-	40,564,524	40,564,524	-	-	-	40,564,524

Company

31 December 2021 Amounts in (N'000)		Financial Assets							
Note	Fair Value - Through PortL	Measured at Amortised Cost	Fair Value - Through OCI	Total	Amortized Cost	Level 1	Level 2	Level 3	Total
Non-Financial Assets Measured at Fair Value									
Investment Property									
19.	1,695,000	-	-	1,695,000	-	-	1,695,000	-	1,695,000
	1,695,000	-	-	1,695,000	-	-	1,695,000	-	1,695,000
Financial Assets not Measured at Fair Value									
Trade and other receivables	-	1,372,419	-	1,372,419	1,372,419	-	-	-	1,372,419
24.									
Cash and bank balances	-	4,765,806	-	4,765,806	4,765,806	-	-	-	4,765,806
26.									
Long term receivables	-	6,753,736	-	6,753,736	6,753,736	-	-	-	6,753,736
35.1									
	-	12,891,961	-	12,891,961	12,891,961	-	-	-	12,891,961

Financial Liabilities not Measured at Fair Value

Borrowings	-	23,701,890	-	23,701,890	23,701,890	-	-	-	23,701,890
22.									
Trade and other payables (excluding security deposits)	-	17,116,891	-	17,116,891	17,116,891	-	-	-	17,116,891
31.									
	-	40,818,781	-	40,818,781	40,818,781	-	-	-	40,818,781

Company**31 December 2020****Amounts in (N'000)****Non-Financial Assets Measured at Fair Value**

Investment Property									
19.	2,312,000	-	-	2,312,000	-	-	2,312,000	-	-
	2,312,000	-	-	2,312,000	-	-	2,312,000	-	-

Financial Assets not Measured at Fair Value

Trade and other receivables	-	983,823	-	983,823	983,823	-	-	-	983,823
24.									
Cash and bank balances	-	1,776,138	-	1,776,138	1,776,138	-	-	-	1,776,138
26.									
Long term receivables	-	6,671,327	-	6,671,327	6,671,327	-	-	-	6,671,327
35.1									
	-	9,431,288	-	9,431,288	9,431,288	-	-	-	9,431,288

Financial Liabilities not Measured at Fair Value

Borrowings	-	20,972,834	-	20,972,834	20,972,834	-	-	-	20,972,834
22.									
Trade and other payables (excluding security deposits)	-	19,297,984	-	19,297,984	19,297,984	-	-	-	19,297,984
31.									
	-	40,270,818	-	40,270,818	40,270,818	-	-	-	40,270,818

7. Fair value information

Fair value hierarchy

The table above analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. All level 2 valuation were derived using either the net present value and discounted cash flow models or comparison with similar instruments for which market observable prices exist.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers from Level 1 to Level 2 or between level 2 or level 3 of the fair value hierarchy during the year.

Valuation processes applied by the Group

The following fair valuation methods and assumptions were used:

- **Cash & cash equivalents:** represents cash held in various bank accounts at the end of the year. The fair value of this amount is the carrying amount.
- **Trade and Other receivables:** represent amount due from third parties and other related parties which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount.
- **Investment property** represents landed assets in PortHarcourt owned 100% by the Group and is revalued annually by expert estate valuers using level 2 inputs. The carrying amount is the fair value of the assets.
- **Trade payable:** represent amount payable to vendors and other creditors which have a short recycle period and as such the fair values of these balances approximate their carrying amount.
- **Borrowings** represents loans from third party institutions at market interest rates which have varying tenors in line with each loan agreement. The fair values of these balances are their carrying amount.
- **Other liabilities:** are amounts outstanding and are payable within a period of one year. Amount outstanding are assumed to approximate their respective fair values.

8. Interests in Subsidiaries including Consolidated Structure Entities

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name	Principal activities	Country of incorporation	% equity interest	
			2021	2020
Transcorp Hotels Calabar Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Port Harcourt Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Ikoyi Limited	Hospitality	Nigeria	58	58
Aura by Transcorp Hotels Limited	Hospitality	Nigeria	60	-

Investment in subsidiaries

Name	2021 N'000	2020 N'000
Transcorp Hotels Calabar Limited	3,508,621	3,508,621
Transcorp Hotels Port Harcourt Limited	20,000	20,000
Transcorp Hotels Ikoyi Limited	1,160	1,160
Aura by Transcorp Hotels Limited	60	-
	3,529,841	3,529,781

The Holding Company

The immediate and ultimate holding company of Transcorp Hotels Plc is Transnational Corporation of Nigeria Plc which is based and listed in Nigeria.

Entity with significant influence over the Group

Ministry of Finance Incorporated owns 11.04% of the ordinary shares of Transcorp Hotels Plc (2020: 11.04%).

Non-controlling interest

- Heirs Holdings Ltd owns 42% of the ordinary shares of Transcorp Hotels Ikoyi Limited (2020: 42%).
- Transnational Corporation of Nigeria and Heirs Holdings Ltd own 20% each of the ordinary shares of Aura by Transcorp Hotels Ltd (2020:nil)

Condensed Result of Subsidiaries**Transcorp Hotels Calabar Limited**

The statement of profit or loss and other comprehensive income:	2021 N'000	2020 N'000
Revenue from contract with customers	858,369	504,881
Cost of sales	(300,451)	(213,575)
Gross profit	557,918	291,306
Other operating income	7,519	(1,096)
Administrative expenses	(557,651)	(478,355)
Operating Profit/(loss)	7,786	(188,145)
Finance income	(3,332)	265
Profit/(Loss) before tax	4,454	(187,880)
Income tax expense	(7,947)	52,745
Loss for the year	(3,493)	(135,135)

Transcorp Hotels Calabar Limited

	2021 N'000	2020 N'000
The Statement of Financial Position:		
Assets:		
Property, plant and equipment	1,586,184	1,646,080
Intangible assets	607	275
Deferred tax assets	132,556	132,720
Current assets	455,219	184,591
Total assets	2,174,566	1,963,666
Equity and liabilities:		
Issued capital	7,690	7,690
Share premium	1,342,310	1,342,310
Retained earnings	82,783	86,276
Total equity	1,432,783	1,436,276
Current liabilities	741,783	527,390
Total equity and liabilities	2,174,566	1,963,666

Aura by Transcorp Hotels Limited

	2021 N'000	2020 N'000
The Statement of Profit or Loss and Other Comprehensive Income:		
Revenue from contract with customers	546	-
Other income	89	-
Administrative expenses	(70,008)	-
Impairment loss in financial asset	-	-
Loss before tax	(69,374)	-
Income tax expense	-	-
Loss for the year	(69,374)	-

Aura by Transcorp Hotels Limited

	2021 N'000	2020 N'000
The statement of financial position:		
Assets:		
Property, plant and equipment	3,814	-
Intangible assets	20,532	-
Current assets	14,293	-
Total assets	38,639	-
Equity and liabilities:		
Issued capital	100	-
Share premium	-	-
Retained earnings	(69,374)	-
Total equity	(69,274)	-
Current liabilities	107,913	-
Total equity and liabilities	38,639	-

Transcorp Hotels Port Harcourt Limited

	2021 N'000	2020 N'000
The Statement of Profit or Loss and Other Comprehensive Income:		
Revenue from contract with customers	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(3,905)	(8,434)
Loss before tax	(3,905)	(8,434)
Income tax expense	-	-
Loss for the year	(3,905)	(8,434)

Transcorp Hotels Port Harcourt Limited

The statement of financial position:

Assets:

Property, plant and equipment	640,343	640,343
Current assets	-	-
Total assets	640,343	640,343

Equity and liabilities:

Issued capital	10,000	10,000
Share premium	10,000	10,000
Revenue reserve	(40,449)	(36,544)
Total equity	(20,449)	(16,544)
Non-current liabilities	620,171	620,171
Current liabilities	40,622	36,716
Total equity and liabilities	640,343	640,343

Transcorp Hotels Ikoyi Limited

	2021 N'000	2020 N'000
The Statement of Profit or Loss and Other Comprehensive Income:		
Revenue from contract with customers	-	-
Cost of sales	-	-
Gross profit	-	-
Other Income	12,000	12,000
Administrative expenses	(9,285)	(9,489)
Loss before tax	2,715	2,511
Income tax expense	-	-
Loss for the year	2,715	2,511

Transcorp Hotels Ikoyi Limited

The statement of financial position:

Assets:

Property, plant and equipment	8,421,631	8,421,631
Current assets	2,980	2,000
Total assets	8,424,611	8,423,631

Equity and liabilities:

Issued capital	2,000	2,000
Revenue reserve	(15,682)	(16,717)
Total equity	(13,682)	(14,717)
Non-current liabilities	6,940,120	6,940,120
Current liabilities	1,498,173	1,498,228
Total equity and liabilities	8,424,611	8,423,631

9. Revenue

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Rooms	14,085,653	6,631,828	13,624,603	6,359,665
Food and beverages	6,469,842	2,578,239	6,124,282	2,364,604
Service Charge	108,153	83,662	823,269	77,753
Shop Rental	823,269	693,794	98,259	693,794
Accommodation and experiences	546	-	-	-
Recreation Service	142,548	84,996	142,548	84,996
Secretarial Service	38,379	29,147	38,379	29,147
Other operating revenue	73,802	56,488	31,937	37,405
	21,742,192	10,158,154	20,883,277	9,647,364

10. Cost of sales

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Rooms	1,834,155	1,963,497	1,797,380	1,940,445
Food and beverages	3,495,250	1,327,895	3,285,606	1,207,572
Other operating costs	183,294	198,082	129,262	127,884
Total cost of sales	5,512,699	3,489,474	5,212,248	3,275,900

11. Other operating income/(loss)

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Net gain on disposal of property, plant and equipment	25,459	2,815	25,459	2,815
Change in fair value of investment properties (Note 19)	-	-	(617,000)	3,000
Key money (Note 30.2)	152,825	157,970	152,825	157,970
Deferred income (Note 29)	273,168	253,488	273,168	253,488
Net foreign exchange loss	(345,952)	(390,145)	(356,194)	(391,582)
Reversal of Provision	-	7,041	-	7,041
Discount received on loan repayment *	735,000	-	735,000	-
Other operating income	68,883	139,802	56,795	127,802
Total net other operating income	909,383	170,971	270,053	160,534

* During the year, the \$5mn loan from Hilton Worldwide was repaid at a discount of 35% granted to us in favor of our request precipitated by the losses incurred during the COVID-19 pandemic and the depreciated forex situation at the time of repayment. The Naira equivalent of this discount is N735mn and was recognized as other operating income for the year.

12. Finance costs/ income

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
12.1 Finance costs				
Interest on debts and borrowings	4,072,562	4,851,752	4,072,562	4,851,752
Net loss on remeasurement of foreign currency balances	-	454,587	-	454,587
Total finance costs	4,072,562	5,306,339	4,072,562	5,306,339

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
12.2 Finance income				
Interest on bank deposits	4,299	6,213	7,630	5,949
Total finance income	4,299	6,213	7,630	5,949

13. Movement in credit loss allowances

Trade receivables - Note 6.2(iii)

Receivables from related parties - Note 6.2 (iii)

Group		Company	
2021 N'000	2020 N'000	2021 N'000	2020 N'000
(20,224)	(80,268)	(22,947)	(78,144)
-	27,069	-	22,412
(20,224)	(53,199)	(22,947)	(55,732)

14. Administrative expenses

Advertising

Amortisation (Note 20)

Auditors remuneration

Bank charges

Consulting and professional fees

Depreciation (Note 18)

Directors' remuneration

Donations

Employee costs (Note 15)

Energy cost

Group services and benefits

Insurance

IT expenses

Licences, fees and rates

Management fees *

Medical expenses

Other expenses

Printing and Stationery

Repairs and maintenance

Security

Travel, logistics and accommodation

Total administrative expenses

Group		Company	
31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
505,500	273,410	495,980	270,931
24,971	24,593	22,887	24,181
47,891	37,680	29,960	23,600
275,815	171,770	269,660	166,009
292,946	94,841	284,817	87,067
2,525,474	2,575,422	2,427,904	2,461,768
207,863	224,640	195,143	224,640
3,786	1,426	3,482	1,319
1,674,221	1,359,266	1,462,513	1,227,525
1,675,327	967,453	1,511,383	850,004
417,666	192,947	417,666	192,947
413,533	418,652	405,808	413,319
157,994	121,450	142,655	118,333
129,212	61,809	127,252	59,517
1,480,111	518,773	1,480,111	518,773
93,671	296,429	93,671	296,429
284,661	251,800	265,745	217,584
42,242	9,524	42,234	9,524
960,311	559,246	901,723	518,825
89,807	54,465	87,038	38,403
125,224	73,331	119,743	71,951
11,428,226	8,288,927	10,787,375	7,792,649

*Management fees are made up of management fee payable to Hilton International at 1.5% of revenue, incentive fee based on an accelerated rate schedule applied on gross operating profit. These fees are specified in the executed management agreement between Transcorp Hotels Plc and Hilton International for the provision of Hotel Management and other related services to the Company.

15. Employee cost

Direct Employee Costs

Wages and salaries

Pension costs

Group		Company	
31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
1,486,382	1,305,533	1,432,351	1,235,334
50,229	119,094	43,730	119,094
1,536,611	1,424,627	1,476,081	1,354,428

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Indirect Employee Costs				
Wages and salaries	1,611,651	1,343,680	1,401,567	1,211,939
Pension costs	62,570	15,586	60,946	15,586
	1,674,221	1,359,266	1,462,513	1,227,525
Termination/Retirement Benefit	-	2,238,174	-	2,238,174
Total employee benefits expense	3,210,833	5,022,067	2,938,594	4,820,127

Termination/ Retirement Benefit: In 2020, following the completion of the restructuring exercise for Transcorp Hilton's workforce and the renegotiation of the Collective Bargaining Agreement (CBA), it necessitated the provision of the retirement benefits for the remaining staff alongside the termination benefit cost paid to the exited staff.

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Average number of persons employed during the year				
Staff numbers per grade				
Managerial	28	30	20	29
Senior staff	139	121	117	101
Others	831	617	792	530
	998	768	929	660

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
N360,000 - N500,000	10	107	6	35
N500,001 - N1,000,000	441	131	407	108
N1,000,001 - N2,000,000	46	382	27	374
N2,000,001 - N4,000,000	373	119	368	114
N4,000,001 - N5,000,000	71	8	71	8
Above N5,000,000	57	21	50	21
	998	768	929	660

15.1 Compensation of Managers

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Salaries and other short-term employee benefits	217,845	274,931	177,170	250,131
Defined contributions	13,318	15,738	12,228	15,130
	231,163	290,669	189,398	265,261

Managers excludes Directors (Executive and Non-Executive). The compensation paid or payable to Managers for services is as shown above.

The number of Managers of the Group (including the highest paid Manager) whose remuneration, excluding pension contributions, in respect of services to the Group is within the following range:"

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Below N10,000,000	11	24	9	23
Above N10,000,000	14	6	13	6
	25	30	22	29

16. Income Tax

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Current Income Tax:				
Current Income/Minimum Tax Charge	59,795	26,208	54,625	24,945
Capital Gain Tax	-	197	-	197
Tertiary Education Tax Charge	109,780	-	107,165	-
	169,575	26,405	161,790	25,142
Deferred tax:				
Originating and reversing temporary differences	375,720	(2,691,174)	375,557	(2,637,166)
Tax expense in the statement of profit or loss	545,295	(2,664,769)	537,347	(2,612,024)

Reconciliation of tax expense

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Accounting profit/(loss) before income tax	1,662,611	(8,940,287)	1,111,722	(8,743,483)
At Nigeria's statutory income tax rate of 30% (2020: 30%)	498,783	(2,682,086)	333,517	(2,623,045)
Tax effect of adjustments on taxable income				
Capital Gain Tax	-	197	-	197
Deferred education tax	109,780	(7,467)	107,165	(7,416)
Non-deductible expenses	72,207	5,257	42,314	2,850
Non-allowable income	(13,546)	(8,152)	(13,546)	(8,152)
Others (tax effect of the net of depreciation, loss relief, balancing charge etc)	(181,724)	1,267	(171,829)	(510)
Fair value adjustment	-	-	185,100	(900)
Minimum tax	59,795	26,215	54,625	24,952
	545,295	(2,664,769)	537,347	(2,612,024)
Current tax payable				
As of 1 January	306,112	728,457	302,210	706,532
Income tax expense during the year	169,575	26,405	161,790	25,142
Payment during the year	(309,187)	(448,750)	(302,210)	(429,464)
As of 31 December	166,500	306,112	161,790	302,210

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 (as amended) and the Education Tax Act, CAP E4, LFN 2004 (as amended).

16.1 Deferred tax

Deferred tax relates to the following:

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Deferred tax asset	(132,556)	(132,719)	-	-
Deferred tax liability	4,841,445	4,466,066	4,841,445	4,466,066
Total Net Deferred Tax Liability	4,708,889	4,333,347	4,841,445	4,466,066

The deferred tax asset and deferred tax liability relate to Transcorp Hotels Calabar and Transcorp Hotels Abuja respectively.

Deferred tax relates to the following:

Property, plant and equipment
Investment Property
Expected credit losses on debt financial assets
Exchange difference
Unused tax losses
Deferred tax expense/(benefit)
Net deferred tax liabilities

Group			
Statement of Financial Position		Statement of Profit or Loss	
2021 N'000	2020 N'000	2021 N'000	2020 N'000
5,214,051	6,437,989	(1,223,938)	(782,792)
-	-	-	-
(17,029)	4,796	(21,825)	34,425
(1,782)	(184)	(1,598)	(147,456)
(486,351)	(2,109,254)	1,623,081	(1,795,351)
		375,720	(2,691,174)
4,708,889	4,333,347		

Deferred tax relates to the following:

Property, plant and equipment
Investment Property
Expected credit losses on debt financial assets
Exchange difference
Unused tax losses
Deferred tax expense/(benefit)
Net deferred tax liabilities

Company			
Statement of Financial Position		Statement of Profit or Loss	
2021 N'000	2020 N'000	2021 N'000	2020 N'000
2,436,235	3,154,443	(718,208)	(748,696)
2,902,162	3,087,263	(185,101)	-
(9,409)	794	(10,203)	35,236
(1,192)	(184)	(1,008)	(147,456)
(486,351)	(1,776,250)	1,290,077	(1,776,250)
		375,557	(2,637,166)
4,841,445	4,466,066		

Reconciliation of deferred tax liabilities, net
As of 1 January
Tax expense for the year

Group		Company	
31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
4,333,347	7,024,522	4,466,066	7,103,233
375,542	(2,691,175)	375,379	(2,637,167)
4,708,889	4,333,347	4,841,445	4,466,066

17. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year .

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	Group		Company	
	31 Dec 2021 N'000	31 Dec 2020 N'000	31 Dec 2021 N'000	31 Dec 2020 N'000
Profit/(loss) attributable to ordinary equity holders of the parent for basic earnings	1,143,925	(6,270,663)	574,375	(6,131,459)
	Thousands	Thousands	Thousands	Thousands
Weighted number of shares at the end of the year	10,242,528	8,191,290	10,242,528	8,191,290
Basic Earnings per share (Kobo)	11	(77)	6	(75)
Diluted Earnings per share (Kobo)	11	(77)	6	(75)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

18. Property, plant and equipment

Group	Freehold Land N'000	Leasehold Building N'000	Plant & Machinery N'000	Computer & Office Equipment N'000	Motor Vehicle N'000	Capital work in progress N'000	Total N'000
Cost							
1 January 2020	37,271,552	48,342,084	5,536,924	17,685,637	543,195	7,681,441	117,060,833
Additions	-	1,905	360,072	262,521	60,900	1,001,375	1,686,773
Reclassification/disposal	-	2,101,185	42,089	(1,222)	-	(2,143,274)	(1,222)
31 December 2020	37,271,552	50,445,174	5,939,085	17,946,936	604,095	6,539,542	118,746,384
Additions	-	132,875	120,139	333,084	-	212,172	798,210
Disposal	-	-	-	-	(105,227)	-	(105,227)
31 December 2021	37,271,552	50,578,049	6,059,224	18,280,020	498,868	6,751,714	119,439,427

Accumulated depreciation and impairment losses

1 January 2020	-	3,657,456	2,885,855	3,463,688	457,718	-	10,464,717
Depreciation for the year	-	1,062,241	295,028	1,187,453	30,700	-	2,575,422
Disposals	-	-	-	(848)	-	-	(848)
31 December 2020	-	4,719,697	3,180,883	4,650,293	488,418	-	13,039,291
Depreciation for the year	-	1,086,470	258,941	1,143,134	36,929	-	2,525,474
Disposals	-	-	-	(105,227)	(105,227)	-	(105,227)
31 December 2021	-	5,806,167	3,439,824	5,793,427	420,120	-	15,459,538

Net book value

At 31 December 2021	37,271,552	44,771,882	2,619,400	12,486,593	78,748	#ERROR!	#ERROR!
At 31 December 2020	37,271,552	45,725,477	2,758,202	13,296,643	115,677	6,539,542	105,707,093

The gross carrying amount of the fully depreciated property, plant and equipment that is still in use by the Group as at reporting date is N3.9 billion

In line with IAS 40 (Investment Property), the investment properties occupied by Transcorp Hotels Port Harcourt Limited (subsidiary of the Group) has been reclassified to property, plant and equipment upon consolidation.

18. Property, plant and equipment continued

Company	Freehold Land N'000	Leasehold Building N'000	Plant & Machinery N'000	Computer & Office Equipment N'000	Motor Vehicle N'000	Capital work in progress N'000	Total N'000
Cost							
1 January 2020	30,872,625	47,111,268	4,771,605	17,306,533	528,880	2,535,274	103,126,185
Additions	-	1,582	343,554	255,883	60,900	1,001,375	1,663,294
Reclassification/Disposal	-	2,101,185	42,089	(1,222)	-	(2,143,274)	(1,222)
Write off	-	-	-	-	-	-	-
31 December 2020	30,872,625	49,214,035	5,157,248	17,561,194	589,780	1,393,375	104,788,257
Additions	-	122,359	185,653	301,366	-	59,387	668,765
Disposal	-	-	-	-	(105,226)	-	(105,226)
31 December 2021	30,872,625	49,336,394	5,342,901	17,862,560	484,554	1,452,762	105,351,796
Accumulated depreciation and impairment losses							
1 January 2020	-	3,362,401	2,458,613	3,124,902	448,581	-	9,394,497
Depreciation for the year	-	1,018,841	242,402	1,170,125	30,400	-	2,461,768
Disposals	-	-	-	(848)	-	-	(848)
31 December 2020	-	4,381,242	2,701,015	4,294,179	478,981	-	11,855,417
Depreciation for the year	-	1,039,709	221,315	1,135,321	31,559	-	2,427,904
Disposals	-	-	-	-	(105,226)	-	(105,226)
31 December 2021	-	5,420,951	2,922,330	5,429,500	405,314	-	14,178,095
Net book value							
At 31 December 2021	30,872,625	43,915,443	2,420,571	12,433,060	79,240	1,452,762	91,173,701
At 31 December 2020	30,872,625	44,832,793	2,456,233	13,267,015	110,799	1,393,375	92,932,840

Property, plant and equipment encumbered as security
As at 31 December 2021, there is negative pledge over the Group's property, plant and equipment and floating assets, given in relation to the Group's borrowings.

Impairment and reversal of impairment
No impairment loss nor reversal was recognised in the current year (2020: Nil).

Capital commitment
At 31 December 2021, the company had no capital commitments for the acquisition of property, plant and equipment (2020: Nil).

Capital work in progress
Capital work in progress comprises mainly building under construction that are not yet in location or condition for use during the year.

19. Investment property

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Opening balance at 1 January	-	-	2,312,000	2,309,000
Additions (subsequent expenditure)	-	-	-	-
Net (loss)/gain from fair value remeasurement	-	-	(617,000)	3,000
Closing balance at 31 December	-	-	1,695,000	2,312,000

Details of Property

Investment properties relate to the 2,409.51 square metres of land at Ikegwere street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria and 10,141.27 square metres of bare land at Evo Road, GRA Phase II, Port Harcourt, Rivers State.

As at 31 December 2021 and 2020, the fair values of the properties are based on valuations performed by Mr. Chukwudi Ubosi with FRC/2014/NIESV/0000003997 from Ubosi Eleh & Co. Estate Surveyors & Valuers, an accredited independent valuer and a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

This investment property is occupied by Transcorp Hotels Port Harcourt Limited (a subsidiary of the Group). In line with IAS 40, this investment property has been reclassified to property plant and equipment in the consolidated financial statements.

During the year, the property did not generate rental income nor incur direct operating expenses under any lease as it is being reconstructed. (2020: nil)

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

There is no contractual obligation to purchase, construct, or develop investment property or for repairs & maintenance or enhancements.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

Fair value hierarchy disclosures for investment properties are in Note 7.

Description of valuation techniques used and key inputs to valuation of investment properties:

Valuation technique	Significant unobservable inputs	Range (weighted average)	
		2021	2020
Land at Ikegwere street, Port Harcourt - comparison method (refer below)	Estimated rental value per sqm per month (N)	496	704
	Rent growth p.a.	-4.78%	1.47%
	Average land value per square meter	119,000	150,538
Land at Evo Road, GRA- comparison method (refer below)	Estimated rental value per sqm per month (N)	537	770
	Rent growth p.a.	-22.70%	1.08%
	Average land value per square meter	129,000	167,742

Details of Valuation

The open market method of valuation was used to arrive at the fair value of the land. This method involved assessing the property physically, and by adopting the cost of construction used in capitalization to arrive at depreciated value after adjusting for depreciation. Also, a market research was analysed by comparing similar properties that have recently been transacted in the open market within the locality and adjusting appropriately in arriving at the value.

The land and building was fair valued in the open market using the Depreciated Replacement Cost method of valuation, this method seeks to equate the market value of a property to the value of the site plus the current cost of erecting the building(s) and other infrastructural facilities on it, including professional fees and finance costs less allowance for passage of time.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and average land value per square meter.

20. Intangible assets

	Computer Software	
	Group N'000	Company N'000
Cost		
At 1 January 2020	283,544	272,258
Additions	12,443	12,443
At 31 December 2020	295,987	284,701
Additions	68,748	45,799
At 31 December 2021	364,735	330,500
Amortisation and impairment		
At 1 January 2020	156,566	145,967
Amortisation	24,593	24,181
At 31 December 2020	181,159	170,148
Amortisation	24,971	22,887
At 31 December 2021	206,130	193,035
Net book value		
At 31 December 2021	158,605	137,465
At 31 December 2020	114,828	114,553

Computer software consists of acquisition costs of software used in the day-to-day operations of the Group. These assets were tested for impairment and no impairment loss was recognised during the period ended 31 December 2021 (2020: Nil)

21. Goodwill

Goodwill was acquired through the business combinations of Transcorp Hotels Calabar Limited.

	Transcorp Hotels Calabar Limited	
	2021 N'000	2020 N'000
Goodwill	1,974,756	1,974,756
Accumulated impairment	-	-
Carrying value	1,974,756	1,974,756

In assessing goodwill for impairment at 31 December 2021 and 2020, 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 fair value less costs of disposal.

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.

Basis of valuation

The fair value of the assets of Transcorp Hotels Calabar Limited (THCL) has been determined based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract assuming:

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

Method of valuation

As at 31 December 2021 and 2020, the fair values of the property, plant and equipment of Transcorp Hotel Calabar Limited has been determined by Mr. Chukwudi Ubosi with FRC/2014/NIES0000003997 from Ubosi Eleh & Co. Estate Surveyors & Valuers, an accredited independent valuer.

The following factors were considered in valuing the assets of the subsidiary:

- total economic working life of the item in question;
- age and remaining economic life of the item;
- the degree of physical deterioration and obsolescence of the item;
- work load to which the item is subjected;
- current cost of the item including installation, freight and customs charges where applicable.

The Board has estimated the costs of disposal to be 5% (2020:5%) of the fair value of the assets of the subsidiary.

Analysis of values

The fair value has been determined as follows:

Market value

Land and buildings	4,271,000	4,730,000
Items of plant and machinery	693,319	685,954
Items of office/computer equipment	90,515	73,327
Motor vehicles	8,800	15,529
Items of furniture and fittings	212,780	210,849
Intangible Assets	607	275
Current Assets	455,219	184,591
Total market value	5,732,240	5,900,525
Fair value of liabilities	(741,782)	(523,488)
Net Fair Value	4,990,458	5,377,037
Costs of disposal at 5%	(249,523)	(268,852)
	4,740,935	5,108,185

Carrying Value:

Net asset as at 31 December	1,432,784	1,303,556
Goodwill as at 31 December	1,974,756	1,974,756
	3,407,540	3,278,312

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.

Below is a sensitivity analysis to compare the recoverable value when the cost of disposal is 2% above or below the 5% used in the computation above

<i>All amounts are in thousands of naira</i>	2021 Increase	2021 Decrease	2020 Increase	2020 Decrease
Net Fair Value of Assets	4,990,458	4,990,458	5,377,037	5,377,037
Cost of Disposal	(349,332)	(149,714)	(376,393)	(161,311)
Recoverable Amount	4,641,125	4,840,744	5,000,644	5,215,726

22. Borrowings

	Interest rate %	Maturity	Group		Company	
			2021 N'000	2020 N'000	2021 N'000	2020 N'000
N2 billion bank overdraft/bank loan	11.0	30-Sep-30	1,781,225	2,056,219	1,781,225	2,056,219
Short-term loan	12.0		-	62,835	-	62,835
N10 billion 7-year bond	16.0	26-Oct-22	823,078	4,485,756	823,078	4,485,756
N12.7 billion loan	8.0	31-May-29	11,666,034	-	11,666,034	-
N10 billion loan	8.0	6-Mar-26	9,230,171	8,925,255	9,230,171	8,925,255
N5 billion loan	12.0		-	193,817	-	193,817
N200 million loan	8.0	28-Feb-21	201,382	205,335	201,382	205,335
\$2 million loan	13.5	28-Feb-21	-	966,497	-	966,497
\$1 million loan	10.0	31-Oct-21	-	459,950	-	459,950
N300 million loan	12.5	2-Dec-21	-	302,979	-	302,979
N1 billion loan	12.3	2-Dec-21	-	1,133,065	-	1,133,065
\$5 million loan	-	14-May-26	-	2,181,126	-	2,181,126
Total interest-bearing loans and borrowings			23,701,890	20,972,834	23,701,890	20,972,834
Current			7,252,926	7,820,496	7,252,926	7,820,496
Non-current			16,448,964	13,152,338	16,448,964	13,152,338
			23,701,890	20,972,834	23,701,890	20,972,834

22. Borrowings continued

Bank loan

N2 billion loan with a tenor of 10 years and 12 months moratorium at an interest rate of 11% and 24 months moratorium on principal repayment. This bank loan has been fully repaid and a N2bn overdraft facility obtained from the same lender. This was secured on a negative pledge on the assets.

Short-term loan

Short-term loan represent a 90 day tenor with an average interest rate of 12%. This has been fully settled during the year.

N10 billion 7-year bond

N10 billion 7-year 16.00% fixed rate bonds. The purpose of the bond is for the upgrade and refurbishment of Transcorp Hilton Abuja. This will be fully redeemed in October 2022

N12.75 billion loan

N12 billion term loan with a tenor of 8 years and 24 months moratorium and at interest rate of 10%. The loan is secured by an arrangement by Transnational Corporation of Nigeria Plc (the Parent Company).

N10 billion loan

N10 billion term loan with a tenor of 10 years and 24 months moratorium and at interest rate of 10%. The loan is secured by an arrangement by Transnational Corporation of Nigeria Plc (the Parent Company).

N5 billion loan

N5 billion loan with a tenor of 4 years and 12 months moratorium at an interest rate of 12%. This has been fully settled during the year.

N200 million loan

N200 million short term loan with rolling 365 days tenor and interest rate of 7.5%.

\$5 million loan

\$5 million interest free loan from Hilton Worldwide Manage Limited with a tenor of 8 years including 2 year moratorium and repayable in equal monthly instalments. This has been fully settled during the year.

\$2 million loan

\$2 million short term loan with rolling 180 days tenor and interest rate of 13.5%. This has been fully settled during the year.

\$1 million loan

\$1 million term loan with 365 days tenor and interest rate of 10%. This has been fully settled during the year.

N1 billion loan

N1 billion term loan with 365 days tenor and interest rate of 12.25%. This has been fully settled during the year.

N300 million loan

N300 million term loan with 365 days tenor and interest rate of 12.5%. This has been fully settled during the year.

22. Borrowings continued

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Bond liability				
As at 1 January	4,485,756	9,229,921	4,485,756	9,229,921
Interest	390,406	1,282,878	390,406	1,282,878
Principal repayments	(3,591,363)	(4,749,408)	(3,591,363)	(4,749,408)
Interest repayments	(461,722)	(1,277,635)	(461,722)	(1,277,635)
	823,078	4,485,756	823,078	4,485,756
Loan liability				
As at 1 January	16,487,078	21,104,572	16,487,078	21,104,571
Additions	11,327,329	3,298,074	11,327,329	3,298,074
Effective interest	2,428,351	2,925,505	2,428,351	2,925,505
Principal repayments	(6,283,222)	(8,837,102)	(6,283,222)	(8,837,102)
Interest repayments	(3,184,046)	(2,413,617)	(3,184,046)	(2,413,617)
Exchange Loss	322,097	409,647	322,097	409,647
	21,097,586	16,487,078	21,097,586	16,487,078
Total Interest-bearing loans and borrowings				
As at 1 January	20,972,834	30,334,492	20,972,834	30,334,492
Additions	11,327,329	3,298,074	11,327,329	3,298,074
Effective interest	2,818,757	4,208,382	2,818,757	4,208,383
Principal repayments	(9,874,585)	(13,586,510)	(9,874,585)	(13,586,510)
Interest repayments	(3,645,768)	(3,691,252)	(3,645,768)	(3,691,252)
Exchange Loss	322,097	409,647	322,097	409,647
	21,920,665	20,972,834	21,920,665	20,972,834
Overdraft	1,781,225	-	1,781,225	-
	23,701,890	20,972,834	23,701,890	20,972,834

23. Inventories

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Food and beverage	147,476	194,732	125,596	173,567
Fuel	84,486	31,851	84,486	31,851
Engineering spares	194,121	196,262	178,313	186,417
Guest supplies	193,440	161,696	181,813	152,982
	619,523	584,541	570,208	544,817

The cost of inventories recognised as an expense during the year in the Group was N1.88 billion (2020: N0.85 billion). For the Company, the amount recognised was N2.08 billion (2020: N0.73 billion).

Inventory pledged as security

No inventory was pledged as security for any facilities during the year (2020: Nil).

24. Trade and other receivables

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Financial Instruments:				
Trade receivables	997,166	918,455	907,002	846,268
Receivables from related parties (Note 35)	-	90	494,369	189,459
Provision for impairment on trade receivables (Note 24.1)	(56,711)	(73,681)	(28,952)	(51,899)
	940,455	844,864	1,372,419	983,828
Non-Financial Instruments:				
Deposits and advances	490,648	143,467	406,849	130,345
Withholding tax receivables	239,607	154,713	235,903	154,138
Other receivables	965,892	447,984	910,959	422,022
Total Trade and Other Receivables	2,636,602	1,591,028	2,926,130	1,690,333

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Other receivables generally arise from transactions outside the provision of hospitality and related activities in the day to day operations of the Group. These include advances to contractors, advances to staff, etc. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. All other receivables are due and payable within one year from the end of the reporting period.

24.1 Allowance for expected credit losses

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
As at 1 January	73,602	126,940	48,645	104,377
Write-off	3,333	(139)	3,254	-
Provisions reversed	(20,224)	(53,199)	(22,947)	(55,732)
As at 31 December	56,711	73,602	28,952	48,645

The information about the credit exposures are disclosed in Note 7.

25. Prepayments

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Maintenance contracts	317,258	103,957	300,557	103,957
Insurance and permits	97,251	395,758	97,251	379,908
Prepaid loan processing fees (BOI loans)	470,682	249,832	470,682	249,832
Service charge advance	394,626	-	394,626	-
Other prepaid expenses	142,520	250,563	141,541	250,563
	1,422,337	1,000,110	1,404,657	984,260

26. Cash and bank balances

	Group		Company	
	2020 N'000	2018 N'000	2020 N'000	2018 N'000
Cash on hand	12,129	12,070	11,044	11,446
Cash at banks	4,479,107	1,805,965	4,280,540	1,764,470
Short term deposit	474,222	222	474,222	222
	4,965,458	1,818,257	4,765,806	1,776,138

Cash at banks earns interest at floating rates based on daily bank deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at 31st December:

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Cash on hand and at bank	4,491,236	1,818,035	4,291,584	1,775,916
Short term deposit	474,222	222	474,222	222
	4,965,458	1,818,257	4,765,806	1,776,138
Bank overdrafts	(1,781,225)	-	(1,781,225)	-
Cash and cash equivalents	3,184,233	1,818,257	2,984,581	1,776,138

27. Share Capital

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Authorised shares				
15,000,000,000 ordinary shares of 50k each	7,500,000	7,500,000	7,500,000	7,500,000
Ordinary shares issued and fully paid				
10,242,528,411 ordinary shares of 50k each	5,121,264	5,121,264	5,121,264	5,121,264
Share premium				
At 1 January	12,548,859	12,548,859	12,548,859	12,548,859
At 31 December	12,548,859	12,548,859	12,548,859	12,548,859

In 2020, the Board of Transcorp Hotels Plc decided to proceed with the right issue of 2,659,574,468 Ordinary shares of 50K each at N3.76k per share. At the conclusion of the offer, the rights issue was 99.3% subscribed. The Board of directors passed the resolution to approve the allotment of the shares on 1st December 2020. The Company received the net offer proceeds of N9,835,511,022.34 after deducting the cost of the issue which amounted to N114,797,943.03.

(a) Compliance with Free Float Requirements and Shareholding pattern as at 31 December 2021

Shareholders	Number of Ordinary Shareholders	Percentage Holdings
Transnational Corporation of Nigeria Plc	7,800,070,016	76%
Ministry of Finance Incorporated	1,131,165,000	11%
Other Shareholders	1,311,293,395	13%
Total	10,242,528,411	100%

Transcorp Hotels Plc. as at 31 December 2021 is not in full compliance with the free float requirement for the Nigerian Exchange Group. However, continued effort through good corporate governance practices, consistent engagements with the market, financial advisors and stakeholders are being undertaken to ensure that the Company is compliance within the agreed time-lines.

According to the register of members as at 31 December 2021, the shareholding in the Company was as follows:

Range	No. of Holders	Holders %	Units	Unit %
1-999	430	23.67%	80,822	0.00%
1,000 - 9,999	864	47.55%	2,065,632	0.02%
10,000-99,999	414	22.78%	9,498,001	0.09%
100,000-999,999	89	4.90%	17,091,387	0.17%
1,000,000-9,999,999	12	0.66%	36,226,747	0.35%
10,000,000-99,999,999	1	0.06%	10,000,000	0.10%
100,000,000-999,999,999	5	0.28%	1,236,330,806	12.07%
Above 1,000,000,000	2	0.11%	8,931,235,016	87.20%
Total	1,817	100%	10,242,528,411	100%

28. Distributions made and proposed

Cash dividends on ordinary shares declared:

Dividend for 2021 at 7 kobo per share

2021 N'000	2020 N'000	2021 N'000	2020 N'000
716,977	-	716,977	-
716,977	-	716,977	-

29. Deferred income

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
At 1 January	1,305,535	1,281,976	1,305,535	1,281,976
Received/adjustment during the year	1,424,170	277,047	1,424,170	277,047
Released to the statement of profit or loss	(273,168)	(253,488)	(273,168)	(253,488)
	2,456,537	1,305,535	2,456,537	1,305,535
Current	450,659	252,796	450,659	252,796
Non-current	2,005,878	1,052,739	2,005,878	1,052,739
	2,456,537	1,305,535	2,456,537	1,305,535

29.1 Net movement during the year for Cashflow Statement

Received/adjustment during the year	1,424,170	277,047	1,424,170	277,047
Released to the statement of profit or loss	(273,168)	(253,488)	(273,168)	(253,488)
	1,151,002	23,559	1,151,002	23,559

The Company obtained a loan from Bank of Industry (BOI) to procure equipment to upgrade the hotel rooms, kitchen, public area and equip a new multi-purpose banqueting conference centre. The interest rate on the loan was below the market loan rate. The fair value and the deferred income on the loan was recognized initially on the loan drawn-down date. The deferred income was subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the loan as at the reporting date. The opening deferred income was N1.31 billion, N1.42 billion was added from the new N12.75bn BOI loan during the year and N273 million was credited to other operating income in the statement of profit or loss for the year ended 31 December 2021.

30. Contract liabilities

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Short-term advances for hospitality services (Note 30.1)	40,990	18,128	40,990	18,128
Key money from Hilton (Note 30.2)	2,445,200	2,598,025	2,445,200	2,598,025
	2,486,190	2,616,153	2,486,190	2,616,153
Current	152,820	170,990	152,820	170,990
Non current	2,333,370	2,445,163	2,333,370	2,445,163
	2,486,190	2,616,153	2,486,190	2,616,153

30.1 Short-term advances for hospitality services

This relates to consideration paid by customers before the Hotel transfers goods or services. Contract liabilities are recognised as revenue when the Hotel performs its obligations under the contract.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Reconciliation of Short-term advances				
At 1 January	18,128	32,327	18,128	32,327
Deferred during the year	40,990	18,128	40,990	18,128
Recognised as revenue during the year	(18,128)	(32,327)	(18,128)	(32,327)
At 31 December	40,990	18,128	40,990	18,128
Current	40,990	18,128	40,990	18,128

30.2 Key money from Hilton

In 2017, the managers of Transcorp Hilton Hotel Abuja, Hilton Worldwide Manage Limited contributed \$10million towards the refurbishment of the hotel. The contribution is referred to as Key money. It does not attract any interest, and it is not repayable by the Company unless the contract is terminated before the end of the contract period. The Key money from Hilton International LLC will be notionally amortised over the contract period on a straight-line basis to other income. The outstanding balance of N2.45bn relates to the unamortised portion of the key money as at 31 December 2021.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Reconciliation of Key money from Hilton				
At 1 January	2,598,025	2,755,995	2,598,025	2,755,995
Received during the period	-	-	-	-
Recognised as other operating income during the year	(152,825)	(157,970)	(152,825)	(157,970)
At 31 December	2,445,200	2,598,025	2,445,200	2,598,025

31. Trade and other payables

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Trade payables	1,606,692	1,147,636	1,564,286	1,106,786
Related parties (Note 35)	12,167,716	14,810,029	12,167,716	14,596,286
Other payables (Note 31.1)	3,832,531	3,786,058	3,559,081	3,746,945
	17,606,939	19,743,723	17,291,083	19,450,017

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- For terms and conditions with related parties, refer to Note 35.
- For explanations on the Group's liquidity risk management processes, refer to Note 6.

31.1 Other payables

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
VAT payable	184,113	165,636	111,699	108,288
Accrued liabilities	3,125,911	3,074,596	2,953,282	3,125,453
Unclaimed dividend	147,017	125,576	147,017	125,576
Security deposits from guests	174,192	152,033	174,192	152,033
WHT Payable	201,298	268,217	172,891	235,595
	3,832,531	3,786,058	3,559,081	3,746,945

32. Cash generated from operations

	Notes	Group		Company	
		2021	2020	2021	2020
Profit before tax		1,662,611	(8,940,287)	1,111,722	(8,743,483)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	18	2,525,474	2,575,422	2,427,904	2,461,768
Amortisation of intangible assets	20	24,971	24,593	22,887	24,181
Write off of property, plant and equipment		-	-	-	-
Impairment allowance on financial assets	24.1	20,224	(53,199)	22,947	(55,732)
Decrease/(Increase) in fair value of investment properties	19	-	-	617,000	(3,000)
Losses on foreign exchange	11	345,952	390,145	356,194	391,582
Gain on disposal of property, plant and equipment	11	(25,459)	(2,815)	(25,459)	(2,815)
Finance income	12.2	(4,299)	(6,213)	(7,630)	(5,949)
Finance cost	12.1	4,072,562	5,306,339	4,072,562	5,306,339
Working capital adjustments:					
(Increase)/Decrease in trade and other receivables		(1,065,798)	718,675	(1,258,744)	662,988
Increase in prepayments		(422,227)	(255,024)	(420,397)	(251,415)
Increase in inventories		(34,982)	(55,766)	(25,391)	(65,528)
Decrease in contract liabilities		(129,963)	(172,169)	(129,963)	(172,169)
Increase in long term receivables		-	-	(82,409)	(6,714)
Increase in deferred income	29.1	1,151,002	23,559	1,151,002	23,559
(Decrease)/Increase in trade and other payables		(2,136,784)	9,270,136	(2,158,934)	9,240,986
		5,983,284	8,823,396	5,673,291	8,804,598

33. Deposit for shares

Group		Company	
2021 N'000	2020 N'000	2021 N'000	2020 N'000
2,410,000	2,410,000	-	-

Deposit for shares relates to Heirs Holdings Ltd's contribution to the development of Transcorp Hotels Ikoyi Limited (THIL). Based on the Memorandum of Understanding between Transcorp Hotels Plc and Heirs Holdings Ltd, THIL will repay or issue shares to Heirs Holdings Ltd on completion of the construction and start of operation of the hotel.

34. Commitments and contingencies

Commitments

The Directors have disclosed that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into consideration in the preparation of these financial statements. As at 2021, the Group had no commitments (2020: Nil).

Contingent Liability

The Group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that the cases/claims are remote and for this reason, no loss or cost is anticipated. Accordingly, no provision for any liability has been made in these financial statements.

35. Related party disclosures

Relationships	Entities
Holding company	Transnational corporation of Nigeria Plc
Subsidiaries	Refer to note 8
Fellow Subsidiaries:	Transcorp Power Limited
	TransAfam Power Limited
	Transcorp OPL 281 Limited

Related party balances

Group - 2021

	Sales to related parties N'000	Interest payable to Related Parties N'000	Amounts due from related parties N'000	Amounts due to related parties N'000
Transnational Corporation of Nigeria Plc	66,927	306,467	-	5,058,564
Trans Afam Power Limited	4,526	17,847	-	17,847
Transcorp Power Limited	45,671	827,172	-	7,091,305
	117,124	1,151,486	-	12,167,716

Group - 2020

Transnational Corporation of Nigeria Plc	5,919	299,813	-	8,019,780
Transcorp Power Limited	17,306	379,990	-	6,588,586
Transcorp OPL 281 Limited	-	-	90	-
	23,225	679,802	90	14,608,366

Company - 2021

	Sales to related parties N'000	Interest payable/ (receivable) N'000	Amounts owed by related parties N'000	Amounts owed to related parties N'000
Transnational Corporation of Nigeria Plc	60,814	306,467	-	5,058,564
Trans Afam Power Limited	4,526	17,847	-	17,847
Transcorp Power Limited	45,382	827,172	-	7,091,305
Aura by Transcorp Hotels Limited	-	-	107,359	-
Transcorp Hotels Calabar Limited	-	(338)	387,011	-
	110,722	1,151,148	494,369	12,167,716

Company - 2020

Transnational Corporation of Nigeria Plc	5,919	-	-	8,007,598
Transcorp Power Limited	17,306	-	-	6,588,687
Transcorp Hotels Calabar Limited	-	-	189,459	-
	23,225	-	189,459	14,596,285

35.1 Long term receivables

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
At 1 January	-	-	6,671,327	6,664,613
Additions				
Transcorp Hotels Port Harcourt Limited	-	-	3,767	11,518
Transcorp Hotels Ikoyi Limited	-	-	78,642	(4,804)
	-	-	6,753,736	6,671,327

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021, the Company did not recognise provision for expected credit losses relating to amounts owed by related parties (2020: Nil).

Related party borrowings:

Included in the amount due to Transcorp Power is N6bn loan at 11.5%. Likewise included in the amount due from Transcorp Hotels Calabar is N200mn loan at 11.5%

Management fee is payable to Transnational Corporation at the higher of 5% of Profit before tax or N350mn. Management fee charged for the year is N350mn plus VAT (2020:N350mn)

35.2 Compensation of key management personnel

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Emoluments of directors				
Executive Compensation	93,207	123,592	80,487	123,592
Defined contributions	2,668	4,216	2,668	4,216
Fees and allowances	111,988	96,832	111,988	96,832
Total compensation paid to key management personnel	207,863	224,640	195,143	224,640
Amount paid to the highest paid director (excluding pension contributions)	62,619	57,209	62,619	57,209
Chairman's emoluments				
Fees	13,200	13,200	13,200	13,200

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

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Less than N10,000,000	8	8	8	8
Over N10,000,000	2	2	1	2

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

36. Securities Trading Policy

The Company's Code of Conduct contains the Securities Trading Policy. It prohibits employees and Directors from insider trading, dealings and stock tipping during closed periods. The Capital Market, Board and Management are regularly notified of closed periods and no insider trading was recorded during the period under review.

37. Subsequent Events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Group and Company as at 31 December 2021 that have not been adequately provided for or disclosed in these financial statements.

Impact of Coronavirus (Covid-19) Pandemic

The coronavirus-induced losses in 2020 were significantly and completely over-turned by our impressive performance in 2021. There were new waves of the pandemic during the year with the Delta variant of the virus (in May) and the Omicron variant in November. These negative developments did not deter our overall performance recorded in 2021.

Cautious optimism persists, driven primarily by mutating strains of COVID-19 and disparities in the progress of vaccinations across several countries.

The Company's Management continues to implement all precautionary strategies to ensure the safety of all guests and staff. We anticipate continuous advancement of all efforts to curb the spread of the virus, leading to a full return of business activities within the year."

Value Added Statement

	Group				Company			
	2021 N'000	%	2020 N'000	%	2021 N'000	%	2020 N'000	%
Revenue	21,742,192		10,158,154		20,883,277		9,647,364	
Other	913,682		177,184		277,683		166,483	
	22,655,874		10,335,338		21,160,960		9,813,847	
Bought in services								
- Foreign	(6,695,654)		(5,183,146)		(6,352,375)		(4,943,293)	
- Local	4,463,769		(3,455,431)		(4,234,917)		(3,295,528)	
Total Value added	11,496,451		1,696,761		10,573,669		1,575,026	
Applied as follows:								
Employees								
Salaries and other labour related benefits	3,210,833	28	2,783,893	164	2,938,594	28	2,581,953	164
Provider of funds								
Finance costs	4,072,562	35	5,306,339	313	4,072,562	39	5,306,339	337
Government								
Taxation	169,575	1	26,405	2	161,790	2	25,142	2
The Future								
Deferred tax	375,720		(2,691,174)	(159)	375,557	4	(2,637,166)	(167)
Depreciation and amortisation	2,550,445	22	2,546,816	150	2,450,791	23	2,430,217	154
Retained profit	1,117,316	10	(6,275,518)	(370)	574,375	5	(6,131,459)	(389)
Total Value added	11,496,451	100	1,696,761	100	10,573,669	100	1,575,026	100

Value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, government and that retained for the future creation of more wealth.

Five-Year Financial Summary

GROUP					
STATEMENT OF FINANCIAL POSITION	2021	2020	2019	2018	2017
Assets	N'000	N'000	N'000	N'000	N'000
Non-current assets	106,245,806	107,929,396	108,776,561	105,444,729	92,047,452
Current assets	9,643,920	4,993,936	5,969,706	5,832,857	8,485,087
Total assets	115,889,726	112,923,332	114,746,267	111,277,586	100,532,539
Equity					
Issued capital	5,121,264	5,121,264	3,800,202	3,800,202	3,800,202
Share premium	12,548,859	12,548,859	4,034,411	4,034,411	4,034,411
Retained earnings	44,577,786	43,433,861	49,710,434	49,626,894	47,099,673
Equity attributable to equity holders of the parent	62,247,909	61,103,984	57,545,047	57,461,507	54,934,286
Non-controlling interests	(27,684)	(1,075)	(2,130)	(298)	840
Total equity	62,220,225	61,102,909	57,542,917	57,461,209	54,935,126
Liabilities					
Non-current liabilities	28,039,657	23,526,306	34,649,473	33,931,045	30,646,683
Current liabilities	25,629,844	28,294,117	22,553,877	19,885,332	14,950,730
Total liabilities	53,669,501	51,820,423	57,203,350	53,816,377	45,597,413
Total equity and liabilities	115,889,726	112,923,332	114,746,267	111,277,586	100,532,539

STATEMENT OF PROFIT OR LOSS

Revenue	21,742,192	10,158,154	20,404,533	17,424,966	13,843,470
Profit before taxation	1,662,611	(8,934,377)	1,124,233	5,041,581	3,680,155
Taxation	(545,295)	2,664,769	(510,497)	(1,327,885)	(998,422)
Profit after taxation	1,117,316	(6,269,608)	613,736	3,713,696	2,681,733
Earnings per share (Kobo)					
- Basic	11.17	(76.55)	8.06	48.89	35.30
Net Asset per share (Kobo)					
- Basic	6.07	7.46	7.57	7.56	7.23
Dividend per share (Kobo)	7.00	-	7.00	15.00	12.46

Earnings per share is based on profit for the year and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

COMPANY					
STATEMENT OF FINANCIAL POSITION					
Assets	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Non-current assets	103,289,743	105,560,501	106,361,373	103,063,443	89,490,274
Current assets	9,666,801	4,995,548	5,884,679	5,722,247	8,412,232
Total assets	112,956,544	110,556,049	112,246,052	108,785,690	97,902,506
Equity					
Issued capital	5,121,264	5,121,264	3,800,202	3,800,202	3,800,202
Share premium	12,548,859	12,548,859	4,034,411	4,034,411	4,034,411
Retained earnings	44,347,486	43,773,111	49,904,570	49,802,915	47,111,055
Total equity	62,017,609	61,443,234	57,739,183	57,637,528	54,945,668
Liabilities					
Non-current liabilities	25,629,657	21,116,306	32,239,473	31,521,045	28,236,684
Current liabilities	25,309,278	27,996,509	22,267,396	19,627,117	14,720,154
Total liabilities	50,938,935	49,112,815	54,506,869	51,148,162	42,956,838
Total equity and liabilities	112,956,544	110,556,049	112,246,052	108,785,690	97,902,506

STATEMENT OF PROFIT OR LOSS

Revenue	20,883,277	9,647,364	19,499,897	16,475,720	12,962,580
Profit before taxation	1,111,722	(8,743,483)	1,133,926	5,187,367	3,608,645
Taxation	(537,347)	2,612,024	(500,243)	(1,311,067)	(968,648)
Profit after taxation	574,375	(6,131,459)	633,683	3,876,300	2,639,997
Earnings per share (Kobo)					
- Basic	5.61	(74.85)	8.34	51.00	34.73
Net Asset per share (Kobo)					
- Basic	6.05	7.50	7.60	7.58	7.23
Dividend per share (Kobo)	7.00	-	7.00	15.00	12.46

Earnings per share is based on profit for the year and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

NOTICE OF ANNUAL GENERAL MEETING OF TRANSCORP HOTELS PLC

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting ("AGM") of Transcorp Hotels Plc ("the Company") is scheduled to hold on, Monday, April 4, 2022, at Transcorp Hilton Abuja, 1, Aguiyi Ironsi Street, Maitama, Abuja, F.C.T at 10.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To lay before the members, the Audited Financial Statements of the Company for the year ended December 31, 2021, together with the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To approve the appointment of Ms. Bolanle Onagoruwa as a Director of the Company.
4. To re-elect the following Directors retiring by rotation:
 - a. Mrs. Owen Omogiafo; and
 - b. Mr. Alexander Adeyemi.
5. To authorise the Directors to fix the remuneration of the Auditors for the 2022 financial year.
6. To disclose the remuneration of Managers of the Company.
7. To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

8. To consider and if thought fit, pass the following as ordinary resolutions:
 - 8.1 "That the Company be and is hereby authorised to invest in, acquire, or divest from any business and/or carry out as the Directors may deem appropriate and in accordance with any relevant laws, any actions, including but not limited to restructuring, reorganization, reconstruction and such other business arrangement exercise or actions."
 - 8.2 "That subject to regulatory approval (where necessary), the Directors, be and are hereby authorised to take all steps and do all acts that they deem necessary infurtherance of the above, including but not limited to executing and filing all such forms, papers or documents, as may be required with the appropriate authorities; appointing professional advisers and parties that they deem necessary, upon such terms and conditions that the Directors may deem appropriate."
9. To consider and if thought fit, pass the following as special resolutions:
 - 9.1 "That pursuant to Section 131 and other applicable provisions, if any, of the Companies and Allied Matters Act 2020 (CAMA), and Article 12 of the Articles of Association of the Company, the authorised share capital of the Company be and is hereby reduced from N7,500,000,000 (Seven Billion Five Hundred Million Naira only) divided into 15,000,000,000 ordinary shares of 50k each to N5,121,264,205.50 (Five Billion, One Hundred and Twenty One Million, Two Hundred and Sixty Four Thousand, Two Hundred and Five Naira, Fifty Kobo) divided into 10,242,528,411 Ordinary shares of 50k each by cancelling 4,757,471,589 ordinary shares of 50k each, which have not been issued."
 - 9.2 "That Clause 6 of the Memorandum of Association of the Company be and is hereby amended and substituted with the following: The Share Capital of the Company is N5,121,264,205.50 (Five Billion, One Hundred and Twenty-One Million, Two Hundred and Sixty-Four Thousand, Two Hundred and Five Naira, Fifty Kobo) divided into 10,242,528,411 Ordinary Shares of 50k each with power to divide the shares in the capital for the time being whether original or increased into several classes".

Dated this 4th day of March 2022.

BY ORDER OF THE BOARD



Mrs. Kofo Olokun-Olawoyin
Group Company Secretary
FRC/2021/004/00000023325

NOTES

1. COMPLIANCE WITH COVID-19 RELATED DIRECTIVES AND GUIDELINES

The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued a number of guidelines and directives aimed at curbing the spread of COVID-19 in Nigeria. Due to the restrictions on gathering and social distancing and the need to comply with these directives, the Corporate Affairs Commission has approved that Annual General Meeting (AGM) should hold in accordance with the Corporate Affairs Commission Guidelines on Holding AGM of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

2. 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. For the appointment of the proxy to be valid, a proxy form must be completed and deposited either at the office of the Company's Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@aficaprudential.com not later than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report and may also be downloaded from the Company's website at www.transcorphotelsplc.com

3. ATTENDANCE BY PROXY

In line with CAC Guidelines, attendance of the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

- a. Mr. Emmanuel N. Nnorom
- b. Mrs. Modupe Olusola
- c. Mrs. Kofo Olokun-Olawoyin
- d. Mr. Akaninyene Obot
- e. Mr. Eric Akinduro
- f. Mr. Gafar Erinfolami
- g. Mr. Ridhwan Hamza
- h. Mr. Patrick Ajudua

4. STAMPING OF PROXY

The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

5. LIVE STREAMING OF AGM

The AGM will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live streaming will be made available on the Company's website at www.transcorphotelsplc.com

6. DIVIDEND

If the dividend recommended by the Directors is approved by the shareholders at the AGM, dividend will be paid by Tuesday, April 5, 2022, to the shareholders whose names appear in the Company's Register of Members at the close of business on Wednesday, March 23, 2022.

7. CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Thursday, March 24, 2022, to Wednesday, March 30, 2022, (both dates inclusive) for the purpose of dividend payment and updating the register.

8. NOMINATION TO THE AUDIT COMMITTEE

In accordance with Section 404(6) of the Companies and Allied Matters Act 2020 (CAMA), any member may nominate a shareholder for election as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM. Such notice of nominations should be sent via email to info@transcorphotelsplc.com for the attention of the Company Secretary. CAMA further provides that members of the Statutory Audit Committee should be financially literate.

9. E-DIVIDEND REGISTRATION

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

10. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Shareholders are hereby informed that a number of share certificates and dividend warrants which were returned to the Registrars as unclaimed are still in the custody of the Registrars. Any shareholder affected by this notice is advised to contact the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@aficaprudential.com to lay claim.

11. PROFILES OF DIRECTORS FOR APPOINTMENT AND RE-ELECTION

The profiles of Ms. Bolanle Onagoruwa seeking appointment as a Director of the Company, Mrs. Owen Omogiafo and Mr. Alexander Adeyemi who will be retiring by rotation and will be standing for re-election are amongst the profiles of Directors that are provided in the 2021 Annual Report and on the Company's website at www.transcorphotels.com

12. E- A NNUAL REPORT PUBLISHED ON THE WEBSITE

In order to improve delivery of our Annual Report, we have inserted a detachable form in the 2021 A nnual Report and hereby request shareholders to complete the form by providing their contact and any other requested details and thereafter return same to the Registrars for further processing. Additionally, an electronic version of the 2021 Annual Report is available on the Company's website at www.transcorphotels.com

13. RIGHTS OF SHAREHOLDERS TO ASK QUESTIONS

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such written questions must be submitted to the Company on or before Thursday, March 31, 2022.

PROXY FORM

EIGHTH ANNUAL GENERAL MEETING OF TRANSCORP HOTELS PLC TO BE HELD ON MONDAY, 4TH APRIL, 2022 AT TRANSCORP HILTON ABUJA, 1 AGUIYI-IRONSI STREET, MAITAMA, ABUJA F.C.T.

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 Eighth Annual General Meeting of the Company to be held on Monday, April 4, 2022 at Transcorp Hilton Abuja, 1, Aguiyi Ironsi Street, Maitama, Abuja, F.C.T at 10.00 a.m. and at any adjournment thereof.

A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. This proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Please sign this proxy form and forward it, so as to reach the registered office of the Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@aficaprudential.com 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.

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. However, in compliance with the CAC Guidelines for conduct of AGM by Proxy, the Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars.

The Proxy must produce the admission card below to gain entrance into the meeting.

	RESOLUTION	FOR	AGAINST	ABSTAIN
1.	To declare a dividend.			
2.	To approve the appointment of Ms. Bolanle Ongarwa as a Director of the Company.			
3.1.	To re-elect Mrs. Owen Omogiafo, a Director retiring by rotation.			
3.2.	To re-elect Mrs. Alexander Adeyemi, a Director retiring by rotation.			
4.	To authorise the Directors to fix the remuneration of the Auditors for the 2022 financial year.			
5.	To elect members of the Statutory Audit Committee.			
6.	To consider and if thought fit, pass the following as ordinary resolutions			
6.1.	"That the company be and is hereby authorised to invest in, acquire, or divest from any business and/or carry out as the Directors may deem appropriate and in accordance with any relevant laws, any action, including but not limited to restructuring, reorganisation, reconstruction and such other business arrangement exercise or actions."			
6.2.	"That subject to regulatory approval (where necessary), the Directors, be and are hereby authorised to take all steps and do all acts that they deem necessary in furtherance of the above, including but not limited to executing and filing all such forms, paper or documents, as may be required with the appropriate authorities; appointing professional advisers and parties that they deem necessary, upon such terms and conditions that the Directors may deem appropriate."			
7.	To consider and if thought fit, pass the following as special resolutions			
7.1.	That pursuant to Section 131 and other applicable provisions, if any, of the Companies and Allied Matters Act 2020 (CAMA), and Article 12 of the Articles of Association of the company, the authorised share capital of the company be and is hereby reduced from N7,500,000,000 (Seven Billion Five Hundred Naira only) divided into 15,000,000,000 ordinary shares of 50k each to N5,121,264,205.50 (Five Billion, One Hundred and Twenty One Million, Two Hundred and Sixty Four Thousand, Two Hundred and Five Naira, Fifty Kobo) divided into 10,242,528 Ordinary shares of 50K each by cancelling 4,757,471,589 ordinary shares of 50k each, which have not been issued			
7.2.	That Clause 6 of the Memorandum of Association of the company be and is hereby amended and substituted with the following: "The Share Capital of the Company is N5,121,264,205.50 (Five Billion, One Hundred and Twenty One Million, Two Hundred and Sixty-Four Thousand, Two Hundred and Five Naira, Fifty Kobo) divided into 10,242,528,411 Ordinary Shares of 50k each with power to divide the shares in the capital for the time being whether original or increased into several classes"			
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/her discretion.				

TRANSCORP HOTELS PLC

Eighth Annual General Meeting

ADMISSION CARD

Please admit the shareholder named on this card or his duly appointed proxy to the Eighth Annual General Meeting of the Company to be held on **Monday, 4th April, 2022 at Transcorp Hilton Abuja, 1 Aguiyi-Ironsi Street, Maitama, Abuja F.C.T.**

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

Name of Shareholder

Address of Shareholder

Number of Shares held

Signature

E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME

2. *FIRST NAME 3. OTHER NAME

4. *GENDER ☐ M ☐ F 5. E-MAIL

6. ALTERNATE E-MAIL

7. *DATE OF BIRTH

8. *MOBILE (1) (2)

9. *ADDRESS

10. OLD ADDRESS (if any)

11. *NATIONALITY 12. *OCCUPATION

13. *NEXT OF KIN NAME MOBILE

14. *MOTHER'S MAIDEN NAME

15. BANK NAME 16. A/C NO.

17. A/C NAME 18. A/C OPENING DATE

19. BANK VERIFICATION NO. (BVN) 20. NAME OF STOCKBROKING FIRM

21. CSCS CLEARING HOUSE NO. (CHN)

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal (if applicable)

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

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. ADAMAWA STATE GOVERNMENT BOND ☐
3. AFRILAND PROPERTIES PLC ☐
4. AFRICA PRUDENTIAL PLC ☐
5. A & G INSURANCE PLC ☐
6. ALUMACO PLC ☐
7. A.R.M LIFE PLC ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BUA GROUP ☐
10. BENUE STATE GOVERNMENT BOND ☐
11. CAP PLC ☐
12. CAPP AND D'ALBERTO PLC ☐
13. CEMENT COY. OF NORTHERN NIG. PLC ☐
14. CSCS PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. CWG PLC ☐
17. CORDROS MONEY MARKET FUND ☐
18. EBONYI STATE GOVERNMENT BOND ☐
19. GOLDEN CAPITAL PLC ☐
20. INFINITY TRUST MORTGAGE BANK PLC ☐
21. INVESTMENT & ALLIED ASSURANCE PLC ☐
22. JAIZ BANK PLC ☐
23. KADUNA STATE GOVERNMENT BOND ☐
24. LAGOS BUILDING INVESTMENT CO. PLC ☐
25. GLOBAL SPECTRUM ENERGY SERVICES PLC ☐
26. MED-VIEW AIRLINE PLC ☐
27. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc) ☐
28. NEXANS KABLEMETAL NIG. PLC ☐
29. LIVINGTRUST MORTGAGE BANK PLC ☐
30. PERSONAL TRUST & SAVINGS LTD ☐
31. P.S MANDRIDES PLC ☐
32. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
33. PREMIER BREWERIES PLC ☐
34. RESORT SAVINGS & LOANS PLC ☐
35. ROADS NIGERIA PLC ☐
36. SCOA NIGERIA PLC ☐
37. TRANSCORP HOTELS PLC ☐
38. TRANSCORP PLC ☐
39. TOWER BOND ☐
40. THE LA CASERA CORPORATE BOND ☐
41. UACN PLC ☐
42. UNITED BANK FOR AFRICA PLC ☐
43. UNITED CAPITAL PLC ☐
44. UNITED CAPITAL BALANCED FUND ☐
45. UNITED CAPITAL BOND FUND ☐
46. UNITED CAPITAL EQUITY FUND ☐
47. UNITED CAPITAL MONEY MARKET FUND ☐
48. UNITED CAPITAL NIGERIAN EUROBOOND FUND ☐
49. UNITED CAPITAL WEALTH FOR WOMEN FUND ☐
50. UNIC DIVERSIFIED HOLDINGS PLC ☐
51. UNIC INSURANCE PLC ☐
52. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
53. UTC NIGERIA PLC ☐
54. VFD GROUP PLC ☐
55. WEST AFRICAN GLASS IND PLC ☐

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
 ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
 PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
 TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@afriprudential.com | www.afriprudential.com | @afriprud



SCAN



To Download Shareholders' Forms

SHARE PORTAL APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. *E-MAIL:

5. ALTERNATE E-MAIL:

6. *MOBILE NO.: 1. 2.

7. SEX: MALE ☐ FEMALE ☐ 8. *DATE OF BIRTH

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.:

11. NAME OF STOCKBROKER:

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Company Seal (if applicable)

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

CLIENTELE

1. ABBEY MORTGAGE BANK PLC	☐
2. ADAMAWA STATE GOVERNMENT BOND	☐
3. AFRILAND PROPERTIES PLC	☐
4. AFRICA PRUDENTIAL PLC	☐
5. A & G INSURANCE PLC	☐
6. ALUMACO PLC	☐
7. A.R.M LIFE PLC	☐
8. BECO PETROLEUM PRODUCTS PLC	☐
9. BUA GROUP	☐
10. BENUE STATE GOVERNMENT BOND	☐
11. CAP PLC	☐
12. CAPP AND D'ALBERTO PLC	☐
13. CEMENT COY. OF NORTHERN NIG. PLC	☐
14. CSCS PLC	☐
15. CHAMPION BREWERIES PLC	☐
16. CWG PLC	☐
17. CORDROS MONEY MARKET FUND	☐
18. EBONYI STATE GOVERNMENT BOND	☐
19. GOLDEN CAPITAL PLC	☐
20. INFINITY TRUST MORTGAGE BANK PLC	☐
21. INVESTMENT & ALLIED ASSURANCE PLC	☐
22. JAIZ BANK PLC	☐
23. KADUNA STATE GOVERNMENT BOND	☐
24. LAGOS BUILDING INVESTMENT CO. PLC	☐
25. GLOBAL SPECTRUM ENERGY SERVICES PLC	☐
26. MED-VIEW AIRLINE PLC	☐
27. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)	☐
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49. UNITED CAPITAL WEALTH FOR WOMEN FUND	☐
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51. UNIC INSURANCE PLC	☐
52. UAC PROPERTY DEVELOPMENT COMPANY PLC	☐
53. UTC NIGERIA PLC	☐
54. VFD GROUP PLC	☐
55. WEST AFRICAN GLASS IND PLC	☐
OTHERS:	☐

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
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 PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
 TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@aficaprudential.com | www.aficaprudential.com | @afriprud



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E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION

Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar

Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐ Date Of Birth DD MM YYYY

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) C Name of Stockbroking Firm

Mobile Telephone 1 Mobile Telephone 2

E-mail Address

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal (if applicable)

Note: This service costs **N150.00** per form exclusive of VAT.

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

CLIENTELE

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USE GUM ONLY
NO STAPLE PINS

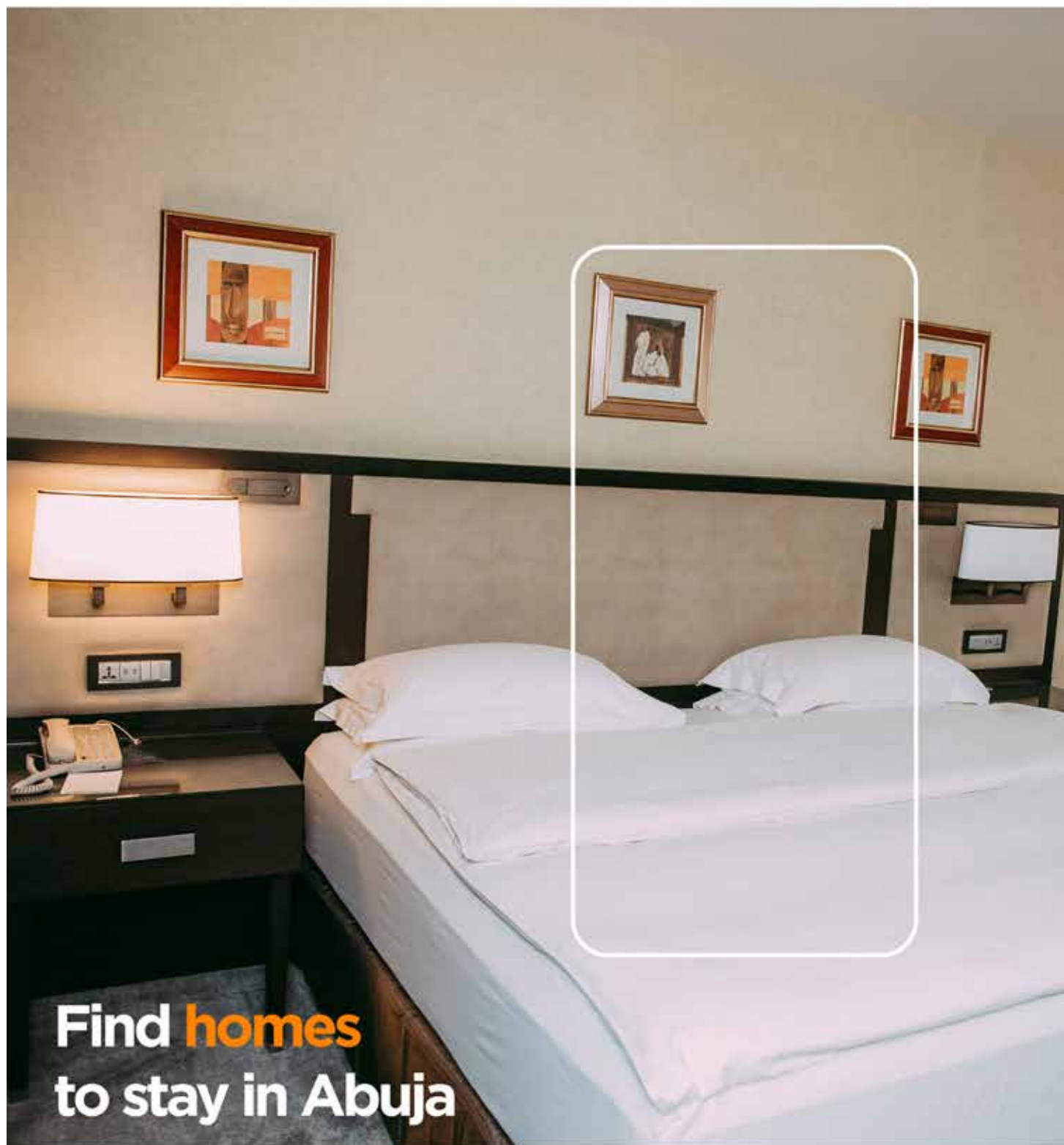
Company
Seal

Company
Seal

Signature: _____

Company
Seal

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