Transnational Corporation of Nigeria Plc
Annual Report and Financial Statements
For the year ended 31 December 2015

Corporate Information

Company Registration No.	RC 611238	
Registered Office	38, Glover Road, Ikoyi, Lagos, Nigeria	
Board of Directors	Mr. Tony O. Elumelu, CON	Chairman
	Mr. Emmanuel N. Nnorom	President/CEO
	Mr. Kayode Fasola	
	Dr. Stanley Inye Lawson	
	Mr. Olorogun O'Tega Emerhor	
	Mr. Chibundu Edozie	
	Alhaji Abdulqadir Jeli Bello	
Auditors	PricewaterhouseCoopers Chartered Accountants Landmark Towers, 5B Water Corporation Road Victoria Island, Lagos	
Bankers	United Bank for Africa Plc First Bank of Nigeria Plc	
Company Secretary	Mr Chinedu Eze 38, Glover Road Ikoyi, Lagos	
Registrars	Africa Prudential Registrars Plc 220B Ikorodu Road Palmgrove, Lagos	

Transnational Corporation of Nigeria Plc
Index to the financial statements
For the year ended 31 December 2015

The Directors present their annual report on the affairs of Transnational Corporation of Nigeria Plc (“the Company” or "Transcorp Plc") together with the audited financial statements for the year ended 31 December 2015, to the members of the Company. This report discloses the state of the Company and the Group.

LEGAL FORM

The Company was incorporated on 16 November 2004 as a private limited liability Company domiciled in Nigeria in accordance with the requirements of the Companies and Allied Matters Act. Following a successful initial public offer (IPO), the Company was in December 2006, listed on the Nigerian Stock Exchange. The shares of the Company have continued to be traded on the floor of the Exchange. The Company maintains controlling interests in the following companies, referred to as portfolio companies:

- Capital Leisure and Hospitality Limited
- Transcorp Hotels Plc
- Transcorp Hotels Calabar Limited
- Transcorp Energy Limited
- Teragro Commodities Limited
- Transcorp Power Limited (Formerly Transcorp Ughelli Power Limited)
- Transcorp Staff Share Ownership Trust Company Limited
- Transcorp Properties Limited
- Transcorp OPL 281 Nigeria Limited
- Transcorp Telecomms Limited
- Transcorp Trading and Logistic Limited
- Transcorp Refining Company Limited
- Transcorp Hotels Port Harcourt Limited
- Transcorp Hotels Ikoyi Limited

PRINCIPAL ACTIVITIES

The Company’s business is the investment in and operation of portfolio companies in the hospitality, power, agro-allied and oil & gas sectors. The Company has retained subsidiaries and affiliates providing services and sale of goods in these sectors.

RESULTS AND DIVIDEND

The Company and Group’s results for the year ended 31 December 2015 are set out on page 9. The profit for the year of N1.44 billion (Company - N83.8 million) has been transferred to general reserves.The summarised results are presented below.

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	40,753,506	41,338,136	3,241,943	6,334,884
Gross Profit	24,330,391	27,634,528	3,241,943	6,334,884
Profit before tax	3,319,529	7,731,598	1,037,146	3,287,079
Tax	(1,287,972)	(4,427,338)	(477,479)	(808,774)
Other comprehensive income	(587,547)	-	(475,867)	-
Total comprehensive income	**1,444,010**	**3,304,260**	**83,800**	**2,478,305**
Total comprehensive income attributable to owners of the parent	(196,128)	74,033	83,800	2,478,305
Non controlling interest	1,640,138	3,230,227	-	-
Total comprehensive income	**1,444,010**	**3,304,260**	**83,800**	**2,478,305**

DIRECTORS' INTERESTS IN CONTRACTS

At the 38th meeting of the Board of Directors of the Company held on 2 December 2011, the Chairman, Mr. Tony Elumelu, CON, declared the interest of Heirs Holdings Limited in the property lying at No. 38 Glover Road (formerly 22B) Ikoyi, Lagos, which currently serves as the Registered Office of the Company. Furthermore, at the 44th meeting of the Board of Directors of the Company (adopted at the 45th meeting), the Board approved a technical services agreement with Tenoil Petroleum and Energy Services Limited and Heirs Holdings Limited for technical services rendered to the Company by Heirs Holdings Limited. Mr. Elumelu has shareholding interests in and is the Chairman of Heirs Holdings Limited and Tenoil Petroleum and Energy Services Limited.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and to the date of this report, together with their direct and indirect interests in the shares of the Company, were as follows:

Director	**Number of shares held at 31 December 2015**			**Percentage holding %**
	Direct	**Indirect**	**Total**	
Mr. Tony O. Elumelu, CON	1,973,051,468	15,085,865,631	17,058,917,099	44.056
Mr. Emmanuel N. Nnorom	-	10,860,464	10,860,464	0.028
Olorogun O' tega Emerhor, OON	-	168,630,773	168,630,773	0.436
Mr. Kayode Fasola	1,500,000	-	1,500,000	0.004
Dr. Stanley Inye Lawson	116,942,955	-	116,942,955	0.302
Mr. Chibundu Edozie	-	20,038,188	20,038,188	0.052
Alhaji Abdulqadir Jeli Bello	500,000	-	500,000	0.001
TOTAL	**2,091,994,423**	**15,289,130,556**	**17,381,124,979**	**44.889**

SHAREHOLDING ANALYSIS

The shareholding structure of the Company as at 31 December 2015 is as follows:

Shareholder	***No. of Holders***	***Percent***	***Units***	***Percent***
1 - 999	3,429	1.184	1,490,364	0.01
1,000 - 9,999	214,999	74.259	525,949,328	1.36
10,000 - 99,999	58,710	20.278	1,350,148,042	3.48
100,000 - 999,999	10,721	3.703	2,612,324,010	7.00
1,000,000 - 9,999,999	1,512	0.522	3,232,124,296	8.00
10,000,000 - 99,999,999	118	0.041	2,891,470,653	7.47
100,000,000 - 999,999,999	33	0.011	8,782,334,784	22.68
1,000,000,000 - 9,999,999,999	5	0.002	19,325,154,948	49.91
	289,527	100	38,720,996,425	100

SUBSTANTIAL INTEREST IN SHARES

As at December 31 2015, only Mr. Tony O. Elumelu, CON directly and/or indirectly held 5% or more of the issued share capital of the Company. Mr. Elumelu held a total of 44.06% of the issued share capital of the Company.

FIXED ASSETS

Information relating to changes in the fixed assets of the Group and Company is given in Note 6 to the financial statements.

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 such 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 that appropriate training is arranged for them. However, no applications from disabled persons were received during the year and no employee of the company became disabled.

EMPLOYEE HEALTH, SAFETY AND WELFARE

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

EMPLOYEE TRAINING AND INVOLVEMENT

The Group places a high premium on the development of its manpower and consults with employees on matters affecting their well-being. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the performance of various businesses in the Group. In-house and external training are carried out at various levels across the business chains in the Group. The Group's skill base has been extended by a range of trainings provided to employees.

DONATIONS AND GIFTS

The Group made a donation of $50,000 (N11.7 million) during the year to African Energy Leaders Group - an initiative to increase access to electricity in West Africa.

AUDITORS

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

By order of the Board

Chinedu N. Eze
Company Secretary

FRC/2013/NBA/00000002586

24 March 2016

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

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

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

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

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

Emmanuel N. Nnorom
President/ CEO
FRC/2014/ICAN/00000007402

Tony O. Elumelu
Chairman
FRC/2013/CIBN/00000002590

24 March 2016

In compliance with section 359 (6) of the Companies and Allied Matters Act, members of the Audit Committee of Transnational Corporation of Nigeria Plc hereby report as follows:

1) The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359 (6) of the Companies and Allied Matters Act.

2) We have examined the auditors report including the financial statements for the year ended 31 December 2015.

3) We have deliberated with the external auditors, reviewed their findings and recommendations and confirm that the auditors report for this period is consistent with our review.

4) We are satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and meet ethical standards.

Chairman, Audit Committee

24 March 2016

Members of the Audit Committee

1)	Mr. Matthew Esonanjor	(Chairman)	-	Shareholder
2)	Mr. John Umobuarie Isesele	(Member)	-	Shareholder
3)	Alhaji Abu O. Jimah	(Member)	-	Shareholder
4)	Mr. Kayode Fasola	(Member)	-	Director
5)	Mr. Chibundu Edozie	(Member)	-	Director
6)	Alhaji Abdulqadir Jeli Bello	(Member)	-	Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TRANSNATIONAL CORPORATION OF NIGERIA PLC

Report on the financial statements

We have audited the accompanying financial statements of Transnational Corporation of Nigeria Plc (the company) and its subsidiaries (together, the group). These financial statements comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 499700

30 March 2016

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Osere Alakhume
FRC/2013/ICAN/ 00000000647

Transnational Corporation of Nigeria Plc
Statement of Financial Position
As at 31 December 2015

	Note	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Assets					
Non-current assets					
Property, plant and equipment	6	109,761,030	93,518,593	35,015	50,955
Intangible assets	7	38,886,750	38,451,180	5,076,385	5,077,292
Investment property	8	1,706,600	2,738,164	1,706,600	1,600,000
Investment in subsidiaries	9	-	-	27,529,887	27,549,287
Debt and equity securities	14	1,764,937	-	1,764,937	-
Prepaid lease rental (long term)	11	5,000	35,000	-	-
		152,124,317	134,742,937	36,112,824	34,277,534
Current assets					
Inventories	12	4,597,456	1,682,224	-	-
Trade and other receivables	13	31,353,769	27,938,086	20,137,082	16,524,720
Prepaid lease rental (short term)	11	30,000	30,000	-	-
Debt and equity securities	14	358,887	3,431,598	358,887	3,431,598
Cash and cash equivalents	15	14,419,520	2,930,517	10,686	8,118
		50,759,632	36,012,425	20,506,655	19,964,436
Total assets		**202,883,949**	**170,755,362**	**56,619,479**	**54,241,970**
Liabilities					
Current liabilities					
Trade and other payables	16	20,097,690	13,769,258	7,647,979	6,695,023
Taxation	17	5,695,106	5,984,570	202,198	224,137
Borrowings (short term)	18	15,363,985	10,639,349	5,627,440	2,517,611
Advance deposits	20	1,875,000	1,875,000	1,875,000	1,875,000
		43,031,781	32,268,177	15,352,617	11,311,771
Non-current liabilities					
Borrowings (long term)	18	61,844,507	37,138,699	10,045,155	9,469,009
Deferred tax	10	10,502,430	11,593,635	-	-
		72,346,937	48,732,334	10,045,155	9,469,009
Total liabilities		**115,378,718**	**81,000,511**	**25,397,772**	**20,780,780**
Equity					
Ordinary share capital	30	19,360,499	19,360,499	19,360,499	19,360,499
Share premium	30	7,213,368	7,213,368	7,213,368	7,213,368
Treasury shares	30	-345,819	-137,790	-	-
Other reserves	24	-587,547	-	-475,867	-
Retained earnings		28,138,355	30,070,219	5,123,707	6,887,323
Equity attributable to owners of the parent		53,778,856	56,506,296	31,221,707	33,461,190
Non controlling interest	31	33,726,375	33,248,555	-	-
Total equity		**87,505,231**	**89,754,851**	**31,221,707**	**33,461,190**
Net equity and liabilities		**202,883,949**	**170,755,362**	**56,619,479**	**54,241,970**

The notes on pages 12 to 45 are an integral part of these financial statements.

The financial statements on pages 8 to 47 were approved and authorised for issue by the Board of Directors on 24 March 2016 and were signed on its behalf by

Tony O. Elumelu CON	**Ibikunle Oriola**	**Emmanuel Nnorom**
Chairman Board of Directors	Chief Finance Officer	President, Chief Executive Officer
FRC/2013/CIBN/00000002590	FRC/2013/ICAN/00000004372	FRC/2014/ICAN/00000007402

Transnational Corporation of Nigeria Plc
Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Revenue	21	40,753,506	41,338,136	3,241,943	6,334,884
Cost of sales	22	-16,423,115	-13,703,608	-	-
Gross profit		24,330,391	27,634,528	3,241,943	6,334,884
Administrative expenses	25	-9,613,617	-12,281,087	-1,719,304	-1,982,771
Other income	23	504,460	391,578	690,644	1,392,408
Other (losses)/gains - net	24	-186,816	-2,119,549	-46,640	-2,258,500
Operating profit		15,034,418	13,625,470	2,166,643	3,486,021
Finance income	27	1,165,227	1,897,400	1,266,556	1,219,780
Finance cost	27	-12,880,116	-7,791,272	-2,396,053	-1,418,722
Finance cost -net		-11,714,889	-5,893,872	-1,129,497	-198,942
Profit before taxation		3,319,529	7,731,598	1,037,146	3,287,079
Taxation	17	-1,287,972	-4,427,338	-477,479	-808,774
Profit for the year		2,031,557	3,304,260	559,667	2,478,305
Profit attributable to:					
Owners of the parent		391,419	74,033	559,667	2,478,305
Non controlling interest		1,640,138	3,230,227	-	-
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Changes in the fair value of available-for-sale (equity securities)	24	-587,547	-	-475,867	-
Total comprehensive income for the year		1,444,010	3,304,260	83,800	2,478,305
Attributable to:					
Owners of the parent		-196,128	74,033	83,800	2,478,305
Non controlling interest		1,640,138	3,230,227	-	-
Basic EPS (kobo)	29	-0.51	0.19	1.45	6.40
Diluted EPS (kobo)	29	-0.51	0.19	1.45	6.40

The result shown above relate to continuing operations, there are no incomes or expenses from discontinued operations.

The notes on pages 12 to 45 are an integral part of these financial statements.

Transnational Corporation of Nigeria Plc
Statement of Changes in Equity
For the year ended 31 December 2015

Group	Attributable to owners of the parent							
	Share Capital N'000	Share Premium N'000	Treasury Shares N'000	Other Reserves N'000	Retained Earnings N'000	Total Controlling interest N'000	Non Controlling interest N'000	Total Equity N'000
Balance at 1 January 2014	**19,360,499**	**7,213,368**	**-25,784**	**-**	**31,678,187**	**58,226,270**	**28,450,237**	**86,676,507**
Profit for the year	-	-	-	-	74,033	74,033	3,230,227	3,304,260
Dividend paid	-	-	-	-	-1,936,050	-1,936,050	-4,477,265	-6,413,315
Acquisition of treasury shares	-	-	-112,006	-	-	-112,006	-	-112,006
Increase in share capital of subsidiary - THP	-	-	-	-	-	-	3,829,613	3,829,613
Dilution of interest in subsidiary - TPL	-	-	-	-	462,532	462,532	2,307,944	2,770,476
Increase in investment in subsidiary - TPL	-	-	-	-	-208,483	-208,483	-92,201	-300,684
Balance at 31 December 2014	**19,360,499**	**7,213,368**	**-137,790**	**-**	**30,070,219**	**56,506,296**	**33,248,555**	**89,754,851**
Balance at 1 January 2015	19,360,499	7,213,368	-137,790	-	30,070,219	56,506,296	33,248,555	89,754,851
Profit for the year	-	-	-	-	391,419	391,419	1,640,138	2,031,557
Acquisition of treasury shares	-	-	-208,029	-	-	-208,029	-	-208,029
Shares alloted to NCI	-	-	-	-	-	-	840	840
Dividend paid	-	-	-	-	-2,323,283	-2,323,283	-1,163,158	-3,486,441
Other comprehensive income	-	-	-	-587,547	-	-587,547	-	-587,547
Balance at 31 December 2015	**19,360,499**	**7,213,368**	**-345,819**	**-587,547**	**28,138,355**	**53,778,856**	**33,726,375**	**87,505,231**

Company	Share Capital N'000	Share Premium N'000	Other Reserves N'000	Retained Earnings N'000	Total N'000
Balance at 1 January 2014	19,360,499	7,213,368	-	6,345,068	32,918,935
Dividend paid	-	-	-	-1,936,050	-1,936,050
Profit for the year	-	-	-	2,478,305	2,478,305
Balance at 31 December 2014	**19,360,499**	**7,213,368**	**-**	**6,887,323**	**33,461,190**
Balance at 1 January 2015	19,360,499	7,213,368	-	6,887,323	33,461,190
Dividend paid	-	-	-	(2,323,283)	(2,323,283)
Profit for the year	-	-	-	559,667	559,667
Other comprehensive income	-	-	(475,867)	-	(475,867)
Balance at 31 December 2015	**19,360,499**	**7,213,368**	**-475,867**	**5,123,707**	**31,221,707**

The notes on pages 12 to 45 are an integral part of these financial statements.

Transnational Corporation of Nigeria Plc
Statement of Cash Flows
For the year ended 31 December 2015

		Group		Company	
	Note	2015 N'000	2014 N'000	2015 N'000	2014 N'000
Cash flows from operating activities					
Cash generated from/(used in) operations	32	24,009,488	13,046,729	-158,588	-3,546,510
VAT paid		-	-618,486	-	-
Tax paid	17	-2,344,447	-1,825,588	-499,418	-800,760
Net cash flows generated from /(used in) operating activities		21,665,041	10,602,655	-658,006	-4,347,270
Cash flows from investing activities					
Interest received	27	1,165,227	1,897,400	1,266,556	1,219,780
Increase in intangible assets	7	-449,789	-2,390,991	-	-
Liquidation of debt and equity securities	14	482,845	2,455,544	482,845	2,455,544
Proceeds from sale of property plant and equipment	32	364,939	2,726	31	2,726
Purchase of investment property	8	-407,000	-1,138,164	-	-
Purchase of property, plant and equipment	6	-18,057,681	-11,593,133	-4,047	-6,206
Net cash flows (used in)/ generated from investing activities		-16,901,459	-10,766,618	1,745,385	3,671,844
Cash flows from financing activities					
Proceeds from issue of bond	18	19,552,095	-	-	-
Proceeds from borrowings		12,368,020	12,687,507	6,560,000	8,400,000
Repayments of borrowings		-8,550,804	-10,890,148	-2,874,025	-6,345,252
Dividend paid		-2,323,283	-1,936,050	-2,323,283	-1,936,050
Dividend paid to non-controlling interest	31	-1,163,158	-4,477,265	-	-
Purchase of treasury shares	30	-208,029	-112,006	-	-
Proceeds from sale of equity securities		-	9,800	-	9,726
Investment in subsidiary by NCI		-	2,469,792	-	1,985,833
Proceeds from public offer by NCI - THP		-	3,829,613	-	-
Interest payment	27	-12,880,116	-7,791,272	-2,396,053	-1,418,722
Net cash flows generated/ (used in) from financing activities		6,794,725	-6,210,029	-1,033,361	695,535
Net increase/ (decrease) in cash and cash equivalents		11,558,307	-6,373,992	54,018	20,109
Cash and cash equivalents at the beginning of the year	15	2,930,517	9,195,229	8,118	17,680
Foreign exchange (loss)/ gain on cash and cash equivalents	24	-69,304	109,280	-51,450	-29,671
Cash and cash equivalents at the end of the year	15	14,419,520	2,930,517	10,686	8,118

The notes on pages 12 to 45 are an integral part of these financial statements.

1. General information

Transnational Corporation of Nigeria Plc, ("the Company" or "Transcorp"), was incorporated on 16 November, 2004 as a private limited liability Company domiciled in Nigeria in accordance with the requirements of the Companies and Allied Matters Act. Following a successful initial public offer (IPO), the Company was in December 2006, listed on the Nigerian Stock Exchange. The shares of the Company have continued to be traded on the floor of the Exchange. The Company is domiciled in Nigeria and the address of its registered office is 38 Glover Road, Ikoyi, Lagos, Nigeria.

The Company maintains controlling interests in the following companies. The Company, together with the subsidiaries are known as the Transcorp Group, ("the Group")

- Capital Leisure and Hospitality Limited
- Transcorp Hotels Plc
- Transcorp Hotels Calabar Limited
- Transcorp Energy Limited
- Teragro Commodities Limited
- Transcorp Power Limited (Transcorp Ughelli Power Limited)
- Transcorp Staff Share Ownership Trust Company Limited
- Transcorp Properties Limited
- Transcorp OPL 281 Limited
- Transcorp Telecomms Ltd
- Transcorp Trading and Logistic Ltd
- Transcorp Refining Company Limited
- Transcorp Hotels Ikoyi Limited
- Transcorp Hotels Port Harcourt Limited

The Company’s business is the investment in and operation of portfolio companies in the hospitality, power, agro-allied and oil & gas sectors.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

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

The financial statements have been prepared on a historical cost basis except for the fair value basis applied to certain intangible assets, investment property and equity investments.

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

2.1.1 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the Company would remain in existence after 12 months.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015 and have a material impact on the Group.

IFRS 3.'Business Combinations' – clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date.

Amendment to IFRS 8, ‘Operating segment'. This amendment requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported.

2.1.2 Changes in accounting policy and disclosures (continued)

Amendments to IFRS 13, 'Fair value measurement' This amendment confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

Amendment to IAS 40, 'Investment Property. The interpretation clarifies that IAS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment property and owner-occupied property and determining whether the acquisition of an investment property is a business combination.

Amendment to IAS 24, 'Related-Party Disclosures'. The interpretation addresses where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the group.

(b) New standards, amendments and interpretations not yet adopted

As at 30 April 2015, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 December 2015, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

IFRS 15, 'Revenue from contracts with customers': The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.
The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

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

2.2 Consolidation

(a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are accounted for at cost in the separate financial statements of Transcorp. In the consolidated financial statements, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the present ownership instrument's proportionate share of the recognised amounts of acquiree's identifiable net assets for components that are present and entitle their holders to a proportionate share of net assets in the events of liquidation. All other components of non-controlling interests are measured at fair value.

Acquisition-related costs are expensed as incurred.

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

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

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

2.2 Consolidation (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.5 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Assets Class	Useful lives (years)
Building & Improvements	50
Plant and machinery -Turbines	50
Plant and machinery - Others	10
Furniture and fittings	5
Computer & Office Equipments	3
Motor vehicles	4

2.5 Property, plant and equipment (continued)

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

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

2.6 Intangible assets

(a) Goodwill

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

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

(b) Computer software

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

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

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

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

Computer software development costs recognised as assets are amortised over their estimated useful lives. The estimated useful lives of the software of the Group is between three to eight years.

(c) Oil and natural gas exploration, evaluation and development expenditure

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the "full cost method". Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned, the carrying value of the licence and property acquisition costs is written off to income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties, after assessing for impairment and amortised over the remaining life of the license.

(iii) Exploration and evaluation costs
Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials, fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to income statement.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. No amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

iv) Development costs
Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

2.7 Investment properties

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

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

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

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated profit or loss during the financial period in which they are incurred.

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

2.8 Impairment of non-financial assets

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

2.9 Financial instruments

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

2.9.1 Classification

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

(a) Financial assets and liabilities at fair value through profit or loss
Financial assets or liabilities at fair value through profit or loss are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be realised within twelve months; otherwise, they are classified as non-current.

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

The fixed income investments have been classified as loans and receivable. The investments have a tenor of about 180 days and the company rolls over the investments. Interest income on the fixed income investment is recognised in the year it occurred as interest income.

(c) Available-for-sale investments
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or directors intends to dispose of it within 12 months of the end of the reporting period.

(d) Financial liabilities at amortized cost
Financial liabilities at amortized cost include trade and other payables, advance deposits and long-term debt.

2.9.2 Reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

2.9.3 Recognition and measurement

(a) Financial assets and liabilities at fair value through profit or loss
Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term. Interest swaps and warrants are classified as current.

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

(c) Financial liabilities at amortized cost
Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(d) Available-for-sale investments
Available-for-sale investments are recognised initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognised in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognised in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the income statement. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or the directors expects to dispose of it within twelve months.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

2.11 Impairment of financial assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

2.12 Inventories

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

2.13 Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets

2.14 Cash, cash equivalents and bank overdrafts

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.15 Borrowings

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

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

2.16 Borrowing costs

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

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

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

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

2.19 Employee benefits

(a) Defined contribution scheme

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

(b) Profit-sharing and bonus plans

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

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The Group earns revenue from the sale of goods and services. The Company earns revenue from dividends received.

The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group’s activities, as described below.

(a) Income from investments - Corporate centre
Income from investments is recognized when it is earned. Dividends are recognised in the statement of comprehensive income on the date the Company's right to receive payment is established. Interest earned on cash investments in money market instruments is recognized in the profit and loss account as it accrues evenly over the period of the investment.

(b) Sale of goods - Agriculture
The Group manufactures and sells juice concentrates to manufacturers in the food and beverage industry. Recognition of revenue for concentrates is recognised when it is earned. Revenue is earned when the significant risks and rewards of ownership have been transferred to the customer or the service has been rendered; control over goods sold has been transferred, amount of revenue can be reliably measured, costs incurred in respect of the sale can be measured reliably and the economic benefits associated with the transaction will flow to the Group.

(c) Sale of services - Power
Revenue comprises of the net value of services being capacity provided and energy delivered net of trade discounts, rebates and VAT. Capacity charge relates to income earned from the distribution companies for available capacity. It is computed based on a fixed rate per megawatt determined by the government or industry regulator. It is recognised monthly based on the average of available capacity declared at the beginning of the month. Revenue from energy delivered calculated on the basis of megawatts of electricity pushed to the transmission grid. The capacity charge and energy delivered are included in revenue reported in the profit and loss account.

Revenue is also earned from ancillary services. Revenue earned on ancilliary services relate to services provided by the Group, other than the primary production of electricity, which is used to operate a stable and secure power system including but not limited to reactive power, operating reserve, frequency control and black start capability. The ancillary services are provided in line with the existing agreement and recognises the revenue in line with its revenue recognition policy.

Amounts received from customers in advance of receiving the goods or services is recognised as liability in the statement of financial position described as unearned income.

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

Revenue includes hotel, entertainment and restaurant revenues, other service fees, rental income and the invoiced value of goods and services sold less returns and allowances. VAT on revenue transactions are considered to be a tax collected by the Company as an agent on behalf of the revenue authorities and is excluded from revenue.

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

2.21 Leases

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

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

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

2.22 Dividend distribution

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

2.23 Share capital

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

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.24 Treasury shares

The cost of the Transcorp Plc's own equity instruments that has been reacquired ('treasury shares') by the Company or by other members of the consolidated Group is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. The difference between the cost and consideration received is recognised directly in retained earnings.

3. Financial risk management

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the finance and investment committee, who is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The group's risk management policies are established to identify and analyse the risk 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 by the executive management to reflect changes in the market conditions and the group's activities.

The Board oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Board is supported by various management functions that check and undertake both regular and ad hoc reviews of compliance with established controls and procedures.

3.1 Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not hedge any of its risk exposures.

Risk management is carried out in line with policies approved by the board of directors. The board provides written policies for overall risk management, as well as set the overall risk appetite for the Group. Specific risk management approaches are defined for respective risks such as interest rate risk, credit risk, liquidity and investment risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities. The Group makes payments and receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US Dollar.

The group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the group's cash flow and future profits. The group is exposed to exchange rate risk to the extent that balances and transactions denominated in a currency other than the Nigerian Naira. The group holds the majority of its cash and cash equivalents in Naira.

In managing foreign exchange risk, the group aims to reduce the impact of short-term fluctuations on earnings. The group's significant exposure to currency risk relates to its loan facilities and cash and cash equivalents that are mainly in US dollars. Although the group has various measures to mitigate exposure to foreign exchange rate movement over the longer term, the gains/losses on foreign exchange balances impact on the profit or loss. The group approach to managing foreign exchange risk is to hold foreign currency bank accounts. The group monitors the movement in the currency rates on an on-going basis.

At 31 December 2015, the value of cash held in foreign currency was significantly lower than foreign currency borrowings. Although this constitutes an exposure, the group is comfortable with foreign currency borrowings as the finance cost savings in the long term is expected to compensate for the high volatility in foreign currency exchange rate.

The balances denominated in US Dollars as at year end were borrowings and cash and cash equivalent. The borrowings and cash balances held at year end for the group are as stated below:

	Group		Company	
	2015	2014	2015	2014
	USD'000	USD'000	USD'000	USD'000
Borrowings	209,672	202,233	-	-
Trade payables	2,446	-	-	-
Cash and cash equivalents	2,112	1,029	11	1,029

The table below shows the impact on the group's profit and equity if the exchange rate between the Naira and the US Dollars had increased or decreased by 25%, with all other variables held constant.

	Group		Company	
	Impact on profit after tax		Impact on profit after tax	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Effect of 25% strengthening of the US Dollar	-10,342,749	-8,511,587	2,713	8,512
Effect of 25% weakening of the US Dollar	10,342,749	8,511,587	-2,713	-8,512

(ii) Price risk
The Group is exposed to equity securities price risk because of investments classified on the statement of financial position as equity investments available for sale and measured at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group engages a third party expert; United Capital Securities Limited who offers advice on sale and purchase. The company recorded significant movement in investment in equity securities as a result of a decline in the market unit price of equity investment. See note 24.

The table below summarises the impact of increases/decreases in the price of the equity securities on the group's post-tax profit for the year. The analysis is based on the assumption that the NSE All Share Index had increased/decreased by 20% with all other variables held constant.

3.1 Financial risk factors (continued)

	Impact on profit after tax	
	2015	**2014**
	N'000	**N'000**
Effect of 20% increase in market price of equity securities	352,987	451,276
Effect of 20% decrease in market price of equity securities	-352,987	-451,276

(iii) Cash flow and fair value interest rate risk

The Group’s interest rate risk arises from short term and long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy on managing interest rate risk is to negotiate favourable terms with the bank(s) to reduce the impact of its exposure to this risk. The interest rate risk is significantly concentrated with United Bank of Africa Plc (UBA) being the major lender of all borrowings by the Group. The borrowings are disclosed in note 18.

At 31 December 2015, if interest rates on borrowings at that date had been 1% higher/lower with all other variables held constant, the recalculated post– tax profit of the Group and company would have been N722 million (2014: N338.7 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits and debt securities with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant concentrations of credit risk.

Credit risk is managed by the Chief Executive Officer and the Chief Finance Officer, except for credit risk relating to trade receivable balances.

There is no credit rating for the company's debt securities

Most of the Group’s trade customers are not independently rated, therefore the quality of the customer is considered by taking into account its financial position, past experience and other factors. Each subsidiary is responsible for managing and analysing the credit risk for each of their new customers before standard delivery terms and conditions are offered. The continuous credit worthiness of the existing customers is analysed periodically based on history of performance of the obligations and settlement of their debt. The Group does not hold any collateral as security. No receivables have had their terms renegotiated.

No financial assets are past due except for trade receivables. As at 31 December, 2015, trade receivables of N5 billion (2014; N5.3 billion) were fully performing, N19.8 billion (2014; N13.2 billion) were past due but not impaired and N631.3 million (2014; N152.1 million) were impaired. The aging analysis of the latter two categories of receivables is as follows:

	Group	
	2015	**2014**
	N'000	**N'000**
Past due but not impaired	**19,768,139**	**13,197,604**
Up to 3 months	2,681,577	3,646,521
3 to 6 months	3,639,241	3,946,666
Over 6 months	13,447,321	5,604,417
Impaired	**631,265**	**147,520**
Up to 3 months	-	101,117
3 to 6 months	3,381	30,428
Over 6 months	627,884	15,975

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical information about default rates.

3.1 Financial risk factors (continued)

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Customers with no history of default	**5,003,487**	**5,320,077**	**13,784,676**	**10,637,057**
– Receivable from related party	-	-	13,784,676	10,637,057
– New customers (less than 6 months)	-	772	-	-
– Existing customers (more than 6 months)	5,003,487	5,319,305	-	-
Existing customers with some past defaults which were fully recovered	-	5,968	-	-
Total unimpaired trade receivables	**5,003,487**	**5,326,045**	**13,784,676**	**10,637,057**

Concentration of credit risk is determined by the percentage of trade receivable due from a counterparty in proportion to the total trade receivables of the Group. Any receivable equal or greater than 25% of the total trade receivable of the Group is considered significant.
For the year ended 31 December 2015, the Group had a significant concentration of credit risk with one customer. Over 25% of the trade receivable was owed by the government regulated body for power transmission and Nigerian Bulk Electricity Trading Company. The receivable is deemed recoverable as N6.4 billion of the balance oustanding as at the date of the approval of this financial statement.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasts are prepared by the Group Chief Finance Officer to monitor the Group's liquidity requirements and ensure it has sufficient cash to meet operational needs at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such forecasts take into consideration the Group's committed and expected debt financing plans, internal and administrative cashflow requirements in arriving at the headroom for investments.

Surplus cash held by the Group over and above the balance required for working capital management are invested in debt or equity securities. These can be realised in the short term to provide sufficient head-room as determined by the above-mentioned forecasts.

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

Group

N'000 At 31 December 2015	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	11,173,419	-	-	-	-
Accruals and other creditors	6,196,881	-	-	-	-
Borrowings	7,312,775	8,051,210	34,672,717	8,774,355	18,397,435

At 31 December 2014	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	4,916,468	-	-	-	-
Accruals and other creditors	4,810,883	-	-	-	-
Borrowings	6,461,789	4,177,560	8,244,511	23,819,779	5,074,409

3.1 Financial risk factors (continued)

Company

N'000 At 31 December 2015	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accruals and other creditors	474,313	-	-	-	-
Due to related parties	7,173,666	-	-	-	-
Borrowings	3,085,490	2,541,950	6,269,819	3,245,440	2,083,871

At 31 December 2014	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accruals and other creditors	231,408	-	-	-	-
Due to related parties	6,463,615	-	-	-	-
Borrowings	1,641,045	876,566	2,801,481	6,111,892	555,635

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to in order to maximise returns for shareholders.

Consistent with others in the industry, the Group monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as total debt divided by total equity. Total debt is a sum of the short and long term borrowings. Total equity is calculated as the sum of all equity components of the statement of financial position.

In order to maintain or adjust the capital structure, the Group may increase or reduce its borrowings to obtain an appropriate gearing ratio.

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio not greater than 75% for financing its long term investments in the agriculture, power, oil and gas and hospitality sectors. The gearing ratios at 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	N'000	N'000	N'000	N'000
Total debt	77,208,492	47,778,048	15,672,595	11,986,620
Less: cash and cash equivalents	-14,419,520	-2,930,517	-10,686	-8,118
Net debt	62,788,972	44,847,531	15,661,909	11,978,502
Total equity	87,505,231	89,754,851	31,221,707	33,461,190
Gearing ratio	**72%**	**50%**	**50%**	**36%**

The increase in the gearing ratio for the Group during 2015 resulted from increased borrowings during the year from 2014.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2015. See note 8 for disclosures of investment property that are measured at fair value.

3.3 Fair value estimation (continued)

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity securities at fair value through OCI	1,764,937	-	-	1,764,937

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities at fair value through profit or loss	2,256,379	-	-	2,256,379

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed on the Nigerian Stock Exchange (NSE) classified as equity securities at fair value through other comprehensive income and profit or loss in 2015 and 2014 respectively.

4. Critical accounting estimates and judgments

4.1 Critical accounting policies and key sources of estimation uncertainty

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

Impairment of goodwill

The Group reviews goodwill at least annually and other non-financial assets when there is any indication that the asset might be impaired. The Group has estimated the value in use and fair value of operating segments to which goodwill is allocated using discounted cash flow models that required assumptions about future cash flows, margins, and discount rates. See note 7 for methods and assumptions used in estimating net recoverable amount.

4.2 Critical judgements in applying the entity's accounting policies

Consolidation of entities in which the Group holds less than 50%:

The Group is considered to have de facto control of Transcorp Staff Share Ownership Trust Company Limited (the entity) even though the Group's interest is only 1%. Control has been determined based on the following considerations:
i) The Group directs the activities that significantly affect the entity's returns
ii) Transcorp is exposed to variable returns from its involvement with the entity as the residual shares in the scheme belong to the Company.
iii) Transcorp has the ability to use its power to affect the returns from its involvement with the entity

The Group did not provide financial or other support to the subsidiary and management does not have any intentions to provide financial or other support to the subsidiary.

5 Segment Analysis

The Group

The chief operating decision-maker has been identified as the Board of Directors of Transcorp. The Board reviews the Group’s internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The Board considers the business from an industry perspective and has identified 5 operating segments.

i **Hospitality**
The hospitality business is made up of its direct subsidiary Transcorp Hotels Plc. (THP) and indirect subsidiaries, Transcorp Hotels Calabar Limited (THC), Transcorp Hotels Ikoyi Limited and Transcorp Hotels Port Harcourt Limited. These entities render hospitality services to customers.

ii **Agro-allied**
This relates to a subsidiary Teragro Commodities Limited. The subsidiary is engaged in the manufacturing/processing of fruit concentrates from fruits from which the Group derives revenue.

iii **Power**
This relates to a subsidiary Transcorp Power Limited (TPL). The subsidiary is engaged in generation of electric power.

iv **Oil & Gas**
Two subsidiaries make up the oil & gas segment namely Transcorp Energy Limited and Transcorp OPL 281 Limited. The companies are into the exploration, refining and marketing of petroleum products. The subsidiaries are in the start-up phase and have not started generating revenue.

v **Corporate Centre**
This segment is the parent Company, Transnational Corporation of Nigeria Plc and the other non-operational subsidiaries.

The Board assesses the performance based on operating profits for each operating segment that is reviewed by the Board. Other information provided, except as noted below, to the Board is measured in a manner consistent with that of the financial statements.

Sales between segments are carried out at arm’s length. The revenue from external parties reported to the group is measured in a manner consistent with that in the income statement.

Total segment assets exclude tax related assets. These are included in the reconciliation to the total statement of financial position assets.

As at 31 December 2015 N'000	Hospitality	Oil & gas	Agro-allied	Power	Corporate Centre	Intersegment eliminations	Total
Revenue	13,979,325	-	126,709	26,647,472	3,241,943	-3,241,943	40,753,506
Finance income	594,798	453,614	166	3	1,266,556	-1,149,910	1,165,227
Finance cost	-	-453,613	-34,309	-10,672,633	-2,415,860	696,299	-12,880,116
Depreciation and amortisation	-1,054,149	-	-31,879	-1,849,047	-20,677	-	-2,955,752
Profit/(loss) before taxation	5,379,159	-23,356	-247,699	1,002,608	838,360	-3,629,543	3,319,529
Taxation	-1,908,433	-	-	1,097,940	-477,479	-	-1,287,972
Segmental assets	90,943,774	6,761,136	390,365	89,562,660	56,927,580	-41,701,566	202,883,949
Segmental liabilities	37,328,677	7,077,968	1,418,255	74,317,985	26,016,232	-30,780,399	115,378,718
Additions to non current assets		-	485,991	-	-	-	485,991

5 Segment Analysis (continued)

As at 31 December 2014 N'000	Hospitality	Oil & gas	Agro-allied	Power	Corporate centre	Intersegment eliminations	Total
Revenue	15,104,795	-	20,181	44,913,160	6,334,884	-25,034,884	41,338,136
Finance income	277,728	379,846	-	742,308	1,234,557	-737,039	1,897,400
Finance cost	-	-357,194	-35,186	-6,308,897	-1,447,189	357,194	-7,791,272
Depreciation and amortisation	-1,039,769	-	-24,269	-5,526,241	-25,164	-	-6,615,443
Profit before taxation	4,540,000	-151,251	-302,132	26,657,862	3,183,026	-26,195,907	7,731,598
Taxation	-1,295,659	-	-	-2,322,905	-808,774	-	-4,427,338
Segmental Assets	71,618,929	5,430,837	388,482	123,822,851	54,755,419	-85,261,156	256,016,518
Segmental Liabilities	18,369,458	5,724,307	1,168,672	71,981,913	21,274,718	-37,518,557	118,519,068
Additions to non current asset	1,514,641	2,768,529	33,440	3,301,298	6,206	-	7,624,114

Revenues from transactions with other operating segments relates to dividend income from Transcorp Hotels Plc and Transcorp Power Limited to the Company, Transnational Corporation of Nigeria Plc.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities.

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

N'000	31 December 2015	31 December 2014
Revenue		
Total revenue for reportable segments	43,995,449	66,373,020
Elimination of inter-segment revenue *(i)*	-3,241,943	-25,034,884
External revenue	**40,753,506**	**41,338,136**
Profit or loss		
Total profit or loss for reportable segments	6,949,072	33,927,505
Elimination of inter-segment profits *(ii)*	-3,629,543	-26,195,907
Consolidated profit before taxation	**3,319,529**	**7,731,598**
Assets		
Total assets of reportable segments	244,585,515	256,016,518
Consolidation eliminations *(iii)*	-41,701,566	-85,261,156
Consolidated total assets	**202,883,949**	**170,755,362**
Liabilities		
Total liabilities of reportable segments	118,519,068	118,519,068
Consolidation eliminations *(iv)*	-3,140,350	-37,518,557
Consolidated total liabilities	**115,378,718**	**81,000,511**

The nature of differences between the measurements of the reportable segment's assets/liabilities and the assets/liabilities of the Group is as follows:

(i) Elimination of inter-segment revenue relates to dividend income from Transcorp Power Limted and Transcorp Hotels to Transnational Corporation of Nigerira.

(ii) Elimination of inter-segment profits relates to dividend income between the segments and other income arising from transactions with non-controlling interests.

(iii) Investments of Transnational Corporation of Nigeria Plc in its subsidiaries and investment of Transcorp Hotels Plc in Transcorp Hotels Calabar Limited, Transcorp Hotels Port harcourt Limited and Transcorp Hotels Ikoyi limited respectively accounts for the consolidation eliminations of total assets of reportable segments. Inter-segment receivables were also eliminated to arrive at the consolidated total assets.

(iv) Inter-segment payables, dividend payable to segments within the Group and management fees payable to Transnational Corporation of Nigeria Plc from Transcorp Hotels Plc accounts for the consolidation eliminations in total liabilities of the reportable segments.

5 Segment Analysis (continued)

Entity-wide Information

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

Analysis of revenue by category:

	31 December 2015 N'000	31 December 2014 N'000
Rooms	9,060,025	9,599,537
Food and beverage	3,560,761	4,283,616
Shop rental	644,952	557,477
Service charge	152,416	182,964
Laundry	-	90,195
Other operating revenue	561,171	391,006
Juice Concentrate	126,709	20,181
Capacity charge	12,176,485	11,715,279
Energy delivered	14,331,933	14,007,349
Ancilliary services	139,054	490,532
Total	**40,753,506**	**41,338,136**

The Group is domiciled in Nigeria where it generates all its external revenue. The total non-current assets of the Group are all located in Nigeria.

6 Property, plant and equipment

Group

	Land N'000	Building & Improvements N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Computer & Office Equipments N'000	Motor Vehicles N'000	Capital Work in Progress N'000	Total N'000
Cost								
Balance as at 1 January 2014	31,741,886	16,551,253	41,604,752	1,973,888	61,164	513,242	60,521	92,506,706
Additions	18,872	421,108	3,949,332	523,357	1,916	108,743	6,569,805	11,593,133
Reclassification	-	30,855	46,658	7,451	-	-	-84,964	-
Disposals	-	-	-1,528	-2,087	-1,240	-24,795	-	-29,650
Impairment	-	-2,339	-52,636	-	-	-	-	-54,975
Adjustment	-	-	-	-	-	-	-24,128	-24,128
Balance as at 31 December 2014	31,760,758	17,000,877	45,546,578	2,502,609	61,840	597,190	6,521,234	103,991,086
Balance as at 1 January 2015	31,760,758	17,000,877	45,546,578	2,502,609	61,840	597,190	6,521,234	103,991,086
Additions	2,132,500	217,787	1,082,277	350,885	1,279	168,649	14,104,304	18,057,681
Reclassification	-	16,588	4,364,063	436	-	29,500	-4,410,587	-
Reclassification from investment property	1,507,000	-	-	-	-	-	-	1,507,000
Disposals	-	-	-	-9,430	-1,635	-92,815	-358,582	-462,462
Balance as at 31 December 2015	35,400,258	17,235,252	50,992,918	2,844,500	61,484	702,524	15,856,369	123,093,305

6 Property, plant and equipment (continued)

Group

	Land N'000	Building & Improvements N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Computer & Office Equipments N'000	Motor Vehicles N'000	Capital Work in Progress N'000	Total N'000
Depreciation and impairment losses								
Balance as at 1 January 2014	-	941,634	1,193,296	1,510,339	27,602	247,834	-	3,920,705
Depreciation	-	502,266	5,734,135	289,267	-7,166	81,746	-	6,600,248
Disposals	-	-	-1,091	-1,950	-1,204	-15,868	-	-20,113
Impairment	-	-165	-28,182	-	-	-	-	-28,347
Balance as at 31 December 2014	-	1,443,735	6,898,158	1,797,656	19,232	313,712	-	10,472,493
Balance as at 1 January 2015	-	1,443,735	6,898,158	1,797,656	19,232	313,712	-	10,472,493
Depreciation	-	402,745	2,236,719	213,936	4,205	99,527	-	2,957,132
Disposals	-	-	-	-3,820	-1,320	-92,210	-	-97,350
Balance as at 31 December 2015	-	1,846,480	9,134,877	2,007,772	22,117	321,029	-	13,332,275
Carrying amounts								
At 31 December 2014	31,760,758	15,557,142	38,648,420	704,953	42,608	283,478	6,521,234	93,518,593
At 31 December 2015	35,400,258	15,388,772	41,858,041	836,728	39,367	381,495	15,856,369	109,761,030

Company

	Building & improvements N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Computer & Office Equipments N'000	Motor Vehicles N'000	Capital Work in progress N'000	Total N'000
Cost							
Balance as at 1 January 2014	26,576	4,880	22,175	26,574	36,120	5,542	121,867
Additions	781	952	2,327	1,916	230	-	6,206
Reclassification	-	-	5,542	-	-	-5,542	-
Disposals	-	-1,528	-2,087	-1,240	-21,995	-	-26,850
Balance as at 31 December 2014	27,357	4,304	27,957	27,250	14,355	-	101,223
Balance as at 1 January 2015	27,357	4,304	27,957	27,250	14,355	-	101,223
Additions	937	314	1,806	990	-	-	4,047
Disposals	-	-	-155	-1,232	-380	-	-1,767
Balance as at 31 December 2015	28,294	4,618	29,608	27,008	13,975	-	103,503
Depreciation and impairment losses							
Balance as at 1 January 2014	2,647	1,186	10,241	16,349	13,484	-	43,907
Depreciation for the year	8,013	380	3,217	3,721	8,343	-	23,674
Disposals	-	-1,091	-1,950	-1,204	-13,068	-	-17,313
Balance as at 31 December 2014	10,660	475	11,508	18,866	8,759	-	50,268
Balance as at 1 January 2015	10,660	475	11,508	18,866	8,759	-	50,268
Depreciation for the year	8,422	649	3,981	4,091	2,640	-	19,783
Disposals	-	-	-150	-1,206	-207	-	-1,563
Balance as at 31 December 2015	19,082	1,124	15,339	21,751	11,192	-	68,488
Carrying amounts							
At 31 December 2014	16,697	3,829	16,449	8,384	5,596	-	50,955
At 31 December 2015	9,212	3,494	14,269	5,257	2,783	-	35,015

7 Intangible assets

	Group					Company		
Cost	**Goodwill**	**Computer software**	**Oil Prospecting License**	**Exploration and Evaluation Expenditure**	**Total**	**Computer software**	**Oil Prospecting License**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January 2015	30,934,143	129,620	5,075,818	2,384,864	38,524,445	12,966	5,075,818	5,088,784
Addition	-	16,241	-	433,548	449,789	-	-	-
Disposal	-	(821)	-	-	(821)	-	-	-
As at 31 December 2015	30,934,143	145,040	5,075,818	2,818,412	38,973,413	12,966	5,075,818	5,088,784
Accumulated amortisation and impairment								
At 1 January 2015	-	73,265	-	-	73,265	11,492	-	11,492
Amortisation charge (Note 25)	-	13,398	-	-	13,398	907	-	907
As at 31 December 2015	-	86,663	-	-	86,663	12,399	-	12,399
Net book value								
Cost	30,934,143	145,040	5,075,818	2,818,412	38,973,413	12,966	5,075,818	5,088,784
Accumulated amortisation and impairment	-	-86,663	-	-	-86,663	-12,399	-	-12,399
At 31 December 2015	30,934,143	58,377	5,075,818	2,818,412	38,886,750	567	5,075,818	5,076,385
Net book value								
Cost	30,934,143	129,620	5,075,818	2,384,864	38,524,445	12,966	5,075,818	5,088,784
Accumulated amortisation and impairment	-	-73,265	-	-	-73,265	-11,492	-	-11,492
At 31 December 2014	30,934,143	56,355	5,075,818	2,384,864	38,451,180	1,474	5,075,818	5,077,292

Goodwill is not amortised but tested for impairment annually. The remaining amortisation period for computer software cost is between 3 to 6 years. The Production Sharing Contract between Transcorp and the Nigerian National Petroleum Corporation was signed by the Federal Government of Nigeria on 2 May 2014. Per the agreement, the exploration period is for 5 years after which the OPL converts to an Oil Mining License for a period of 20 years. Amortisation of the OPL cost will commence when it has been determined that commercial quantity of crude can be produced from the oil field and mining commences.

All expenditure related to the exploration and evaluation activities were capitalised during the year. Expenditure incurred during the year on exploration and drilling activities was N324 million and N109.5 million was incurred on geological and geophysical activities.

Goodwill has been allocated to the following CGUs	**31 December 2015**	**31 December 2014**
	N'000	**N'000**
Transcorp Hotels Calabar (THC)	863,163	863,163
Transcorp Hotels Plc (THP)	20,369,790	20,369,790
Transcorp Power Limited (TPL)	9,701,190	9,701,190
	30,934,143	30,934,143

Goodwill arose from the excess of the consideration over acquisition-date fair values of identifiable assets and liabilities of subsidiaries acquired. The goodwill amount relates to pre-existing goodwill from previous business combinations.

In assessing goodwill for impairment at 31 December 2015 and 2014 , the Company compared the aggregate recoverable amount of the assets included in the CGUs below to their respective carrying amounts. Recoverable amount has been determined based on the value in use of the CGUs using five year cash flow budgets approved by directors that made maximum use of observable markets for inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates that do not exceed the long-term average for the business.

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

	31 December 2015			31 December 2014		
	TPL	**THC**	**THP**	**TPL**	**THC**	**THP**
Budgeted gross margin %	55%	74%	80%	51%	80%	76%
Weighted average growth rate	5%	6%	6%	6%	6%	6%
Pre-tax discount rate	17%	17%	17%	20%	17%	17%

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

8 Investment property

Non-current assets - at fair value	Group		Company	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January 2015	2,738,164	1,575,000	1,600,000	1,575,000
Additions	407,000	1,138,164	-	-
Fair value gain on investment properties (a)	106,600	25,000	106,600	25,000
Transfer to property, plant and equipment (b)	-1,507,000	-	-	-
Fair value loss on investment properties (b)	-38,164	-	-	-
At 31 December 2015	1,706,600	2,738,164	1,706,600	1,600,000

8 Investment property (continued)

a Investment property at 31 December 2015 relates to a piece of land at Rumens Road Ikoyi measuring approximately 4,876.151 square meters. An independent valuation of the Company's land was performed by Ubosi Eleh and Co to determine the fair value of the land as at 31 December 2015 and 31 December 2014.

The title to this property was revoked in a Newspaper publication dated 29 May 2015 by a revocation order of the Minister of Lands, Housing & Urban Development.
A suit has been filed at Federal High Court challenging the legality of the revocation. An interim Order of injunction was obtained restraining Minister of Lands, Housing & Urban Development from giving effect to the revocation order (FHC/L/CS/794/2015 TNC V AG FEDERATION & MINISTER OF LANDS)

As at the date of the approval of these financial statements, the Group, based on representation from its legal advisers expects that there is no likelihood of unfavourable outcome in the suit.

b Investment property transferred relates to the 12,550.70 square meters of land at Ikewere street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria. An independent valuation of the Company's land was performed by Ubosi Eleh and Co to determine the fair value of the land as at 31 December 2015.

This investment property was occupied by Transcorp Hotels Port Harcourt Limited in 2015 and has been earmarked as the site for the proposed Transcorp Hotels Port Harcourt.

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

The table below analyses the non-financial assets carried at fair value, by valuation method. The current market prices of the land were used to determine the fair value as at these dates.
Fair value is measured through the following:
– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Fair value measurements at 31 December 2015 using (N'000)		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Land	-	1,706,600	-

There were no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 2 fair values
Level 2 fair values of land have been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

9 Investment in subsidiaries

	Company	
	31 December 2015 N'000	31 December 2014 N'000
Transcorp Hotel Plc	19,618,523	19,618,523
Transcorp Power Limited	7,860,464	7,860,464
Other subsidiaries companies	50,900	70,300
	27,529,887	27,549,287

Movement in investment in subsidiaries is analysed as follows:	Company	
	31 December 2015 N'000	31 December 2014 N'000
At 1 January	27,549,287	29,535,120
Additions - cost	-	301,184
Reduction in equity holding in subsidiary	-	-2,287,017
Liquidation of subsidiaries (9a)	-19,400	-
At 31 December	27,529,887	27,549,287

	Company	
Investments in subsidiary companies eliminated on consolidation is shown below:	31 December 2015 N'000	31 December 2014 N'000
Transnational Corporation investment in subsidiary:		
Transcorp Hotels Plc (THP)	19,618,523	19,618,523
Transcorp Refining Company Limited	1,000	1,000
Transcorp Telecomms Limited	10,000	10,000
Telecommunications Backbone Development Company Limited	-	9,900
Teragro Commodities Limited	9,500	9,500
Transcorp Trading and Logistics Limited	10,000	10,000
Allied Commodities Limited	-	9,500
Transcorp Energy Limited	9,900	9,900
Transcorp Properties Limited	10,000	10,000
Transcorp Power Limited	7,860,464	7,860,464
Transcorp OPL 281 Limited	500	500
	27,529,887	27,549,287

9 Investment in subsidiaries (continued)

THP investment in subsidiary:		
Transcorp Hotels Calabar Limited	3,508,621	3,508,621
Transcorp Hotels Port Harcourt Limited	20,000	-
Transcorp Hotels Ikoyi Limited	1,160	-
	3,529,781	3,508,621
TUPL investment in subsidiary:		
Ughelli Power Plc (9b)	-	47,100,000

Transcorp Refining Company Limited, Transcorp Telecomms Limited, Transcorp Trading and Logistics Limited are dormant and are undergoing voluntary winding up proceedings. The subsidiaries to be wound up have no assets, liabilities, income or expenses as these subsidiaries were incorporated but no further activities were performed. Hence there are no assets held for sale and no income or expenses from discontinued operations.

a The company wound up the following inactive subsidiaries during the year;
-Telecommunications Backbone Development Company Limited
- Allied Commodities Limited

The winding up accounted for a decrease in investment of N19.4 million which was written against its payable balance (unpaid share capital)

b On 1 October 2015, Transcorp Ughelli Power Limited merged with its subsidiary, Ughelli Power Plc with a resultant change in name to Transcorp Power Limited and cancellation of share capital of Ughelli Power Plc. No new company was formed.

c Other relevant details of the investments are as follows:

Subsidiaries	Nature of Business	Issued Share Capital (in thousands)	Parent's Interest	Group 's Interest	Non-controlling's Interest
Transcorp Hotels Plc (THP)	Rendering of hospitality services.	7,600,404	83%	83%	17%
Transcorp Refining Company Limited	Oil and gas consultancy exploration, refining and marketing.	1,000	100%	100%	0%
Transcorp Telecomms Limited	Distribution of global systems for mobile communication.	10,000	100%	100%	0%
Teragro Commodities Limited (TRG)	Cultivate the soil and grow food, cash and fodder crops.	10,000	95%	100%	0%
Transcorp Trading and Logistics Limited	General maritime operations including transportation.	10,000	100%	100%	0%
Transcorp Employee Share Scheme	Manages shares ownership scheme set up for the employees.	10	1%	1%	99%
Transcorp Energy Limited	Mining, refining and supply merchants of mining produce.	10,000	99%	100%	0%
Transcorp Properties Limited	Building, contractors, decorators, merchants and dealers in stone, sand, lime, iron, etc.	10,000	100%	100%	0%
Transcorp Hotels Calabar Limited	Rendering of hospitality services.	7,690	0%	83%	17%
Transcorp Power Limited (TPL)	Investment in power generation	66,152	50.01%	50.01%	49.99%
Transcorp OPL 281 Limited	Oil and gas exploration, refining and marketing.	500	100%	100%	0%
Transcorp Hotels Ikoyi Limited	Rendering of hospitality services.	2,000	0%	52%	48%
Transcorp Hotels Port harcourt Limited	Rendering of hospitality services.	20,000	0%	100%	0%

All these subsidiaries are incorporated in Nigeria .

d Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

THP Group comprises Transcorp Hotels Plc and Transcorp Hotels Calabar Limited.

Summarised statement of financial position	**Transcorp Hotels Plc (THP) - Group**		**Transcorp Power Limited (TPL)**	**Transcorp Ughelli Power Limited (TUPL) - Group**
	2015 N'000	**2014 N'000**	**2015 N'000**	**2014 N'000**
Current				
Asset	25,974,324	15,896,273	28,380,475	19,345,686
Liabilities	-12,989,530	-10,367,921	-39,737,344	-25,400,054
Total net current assets/ (liabilities)	12,984,794	5,528,352	-11,356,869	-6,054,368
Non-current				
Assets	65,366,706	53,727,574	55,766,449	52,323,174
Liabilities	-26,206,350	-7,503,856	-29,166,903	-31,759,469
Total non-current net assets	39,160,356	46,223,718	26,599,546	20,563,705
Net assets	52,145,150	51,752,070	15,242,677	14,509,337

9 Investment in subsidiaries (continued)

Summarised statement of comprehensive income	**Transcorp Hotels Plc (THP) - Group**		**Transcorp Power Limited (TPL)**	**Transcorp Ughelli Power Limited (TUPL) - Group**
	2015	**2014**	**2015**	**2014**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	13,979,324	15,104,795	26,647,472	26,213,160
Profit before income tax	5,377,968	4,540,000	1,002,612	5,557,864
Income tax (charge) expense	-1,880,627	-1,319,385	558,635	77,095
Post-tax profit from continuing operations	3,497,341	3,220,615	1,561,247	5,634,959
Total comprehensive income	3,497,341	3,220,615	1,561,247	5,634,959
Total comprehensive income allocated to non-controlling interests	594,548	547,505	780,467	2,816,916
Dividends paid to non-controlling interests	513,256	478,065	649,902	3,999,200

Summarised cash flows	**Transcorp Hotels Plc (THP) - Group**		**Transcorp Power Limited (TPL)**	**Transcorp Ughelli Power Limited (TUPL) - Group**
	2015	**2014**	**2015**	**2014**
	N'000	**N'000**	**N'000**	**N'000**
Cash flows from operating activities				
Cash generated from operations	8,983,761	(2,638,729)	5,502,205	3,746,721
Income tax paid	-2,063,008	(2,025,819)	-	-
Net cash generated from/ (used in) operating activities	6,920,753	-4,664,548	5,502,205	3,746,721
Net cash used in investing activities	-12,164,448	-4,915,340	-5,665,226	-3,814,614
Net cash generated from/ (used in) financing activities	16,739,946	3,629,612	160,314	-223,041
Net increase/ (decrease) in cash and cash equivalents	11,496,251	-5,950,276	-2,707	-290,934
Cash, cash equivalents and bank overdrafts at beginning of year	2,688,578	8,638,854	217,761	508,695
Cash and cash equivalents at end of year	14,184,829	2,688,578	215,054	217,761

The information above is the amount before inter-company eliminations.

10 Deferred tax

	Group	
	2015	**2014**
The movement in deferred tax liability is as follows:	**N'000**	**N'000**
At 1 January	11,593,635	7,598,529
Adjustment to opening balance	-	4,089,779
Income statement credit (Note 17)	-1,091,205	-94,673
At 31 December	10,502,430	11,593,635

	Accelerated tax depreciation N'000	**Fair value on revaluation N'000**	**Provisions N'000**	**Tax losses charged to P&L N'000**	**Total N'000**
At 1 January 2014	700,487	6,784,356	109,827	3,859	7,598,529
Adjustment to opening balance	4,089,779	-	-	-	4,089,779
Credited to the income statement	-	-	-94,673	-	-94,673
At 31 December 2014	4,790,266	6,784,356	15,154	3,859	11,593,635
At 1 January 2015	4,790,266	6,784,356	15,154	3,859	11,593,635
Credited to the income statement	-1,091,205	-	-	-	-1,091,205
At 31 December 2015	3,699,061	6,784,356	15,154	3,859	10,502,430

11 Prepaid lease rental

	Group	
	31 December 2015	**31 December 2014**
	N'000	**N'000**
At 1 January	65,000	95,000
Utilisation	-30,000	-30,000
At 31 December	35,000	65,000
Less minimum lease payments for the next 12 months	-30,000	-30,000
Non current lease payments	5,000	35,000
Non current lease payments has been analysed as follows:		
Due between 1 to 5 years	5,000	35,000

Prepaid lease rental represents amounts paid to Benfruit Nigeria Limited by one of the subsidiaries, Teragro Commodities Limited for lease of facilities and equipment. The lease is for a 10 year period, commencing from the date of commissioning at an initial lease rental of N30 million per annum subject to a renewal option for the lessee of further terms of 5 years each.

12 Inventories

	Group	
	31 December 2015	31 December 2014
	N'000	N'000
Food and beverage	147,931	149,318
Fuel/ lubricant	91,307	86,949
Spares	4,230,747	577,750
Guest supplies	88,693	84,584
Finished goods	21,001	22,438
Packaging materials	6,521	8,952
Other sundry stock	11,256	752,233
	4,597,456	1,682,224

All inventory are stated at lower of cost and net realisable value. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to N8.9 billion (2014: N4.8 billion).

An impairment charge of N45 million (2014: N118.3 million) was recorded on the Group's inventory in the income statement.

13 Trade and other receivables

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Trade receivables	25,402,891	18,659,618	-	-
Less: provision for impairment of trade receivables (a)	-589,973	-147,520	-	-
Trade receivables - net	24,812,918	18,512,098	-	-
Other receivables	4,760,429	4,776,988	3,383,367	2,770,476
Prepayments	122,875	1,130,656	51,291	770,861
Due from related companies (Note 36)	1,657,547	3,518,344	13,784,675	10,646,133
Dividend receivable	-	-	2,917,749	2,337,250
	31,353,769	27,938,086	20,137,082	16,524,720

a Provision for impairment of trade receivables

	Group	
	2015	2014
	N'000	N'000
Balance at 1 January	147,520	139,567
Impairment losses recognised on receivables	442,453	7,953
Balance at 31 December	589,973	147,520

A significant portion of the increase in trade receivable relates to receivable from the Transmission Company of Nigeria Plc and Nigerian Bulk Electricity Trading Plc which are the government regulated bodies for the power business. Subsequent to year end, the group has recieved N6.4 billion from Nigerian Bulk Electricity Trading Plc subsequent to year end.

14 Debt and equity securities

	Group and Company	
	31 December 2015	31 December 2014
	N'000	N'000
Current portion		
Equity securities at fair value through profit or loss	-	2,256,379
Fixed income investment	358,887	1,175,219
	358,887	3,431,598
Non-current portion		
Equity securities at fair value through OCI	1,764,937	-
	2,123,824	3,431,598

See movement in debt and equity securities below:	2015		2014	
	Equity securities	Fixed income investment	Equity securities	Fixed income investment
	N'000	N'000	N'000	N'000
At 1 January	2,256,379	1,175,219	4,520,008	3,630,763
Fair value loss (Note 24)	-475,867	-	-2,253,829	-
Interest on fixed income investment (Note 27)	-	-	-	249,818
Liquidation/disposal	-15,575	-467,270	-9,311	-2,705,362
Impairment	-	-349,062	-489	-
At 31 December	1,764,937	358,887	2,256,379	1,175,219

Fixed income investments represent investments of the Company in BGL.

Equity securities represent shares of various companies that are listed on the Nigerian Stock Exchange (NSE). The original amount invested in equity securities was N1.3 billion. These investments have recorded a fair value loss of N475 million (2014: N2.23 billion) as at the end of the year owing to the decline in the stock market. The liquidation of the investment was in cash of N274 million and in equity security of N208 million.

On 1 January 2015, management changed its intent to hold its equities securities over a medium term period as there will be limited trading of the equity securities. As a result, the company has reclassified its equity securities from held for trading to available for sale.

The fair value of N1.7 billion (2014: nil) was reclassified from held for trading to available for sale category and a fair value loss of N475 million (2014: nil) was recognised in the statement of other comprehensive income and in other reserves.

15 Cash and cash equivalents

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Cash and bank balance	14,419,520	2,930,517	10,686	8,118

Included in cash and bank balance for the Group is balance held at First Bank of Nigeria Plc of N210 million which is restricted due to a current court lien placed on it since May 2012 as a result of an existing court case between Lagos State Government and Power Holding Company of Nigeria (PHCN).

16 Trade and other payables

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Trade creditors	11,173,419	4,916,468	-	-
Accruals and other liabilities	5,431,646	4,810,883	474,313	231,408
Unearned income	147,461	92,331	-	-
Deposit from guests	123,316	162,748	-	-
VAT payable	73,798	319,677	-	-
Dividend payable	691,437	2,960,492	-	-
Deposit for shares	2,410,000	-	-	-
Due to related companies (Note 36)	46,613	506,659	7,173,666	6,463,615
	20,097,690	13,769,258	7,647,979	6,695,023

17 Taxation

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Income tax	1,924,066	3,866,086	153,285	175,286
Education tax	130,917	99,532	-	-
	2,054,983	3,965,618	153,285	175,286
Tax on franked investment income	324,194	633,488	324,194	633,488
Deferred tax (Note 10)	(1,091,205)	(94,673)	-	-
Tax write back	-	(77,095)	-	-
	1,287,972	4,427,338	477,479	808,774

The movement in tax payable is as follows:	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
At 1 January	5,984,570	3,921,635	224,137	216,123
Provision for the year	2,054,983	3,965,618	477,479	808,774
Writeback in the year	-	(77,095)	-	-
Payment during the year	-2,344,447	-1,825,588	-499,418	-800,760
At 31 December	5,695,106	5,984,570	202,198	224,137

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Profit before tax	**3,319,529**	**7,731,598**	**1,037,146**	**3,287,079**
Tax at Nigeria Corporation tax rate of 30% (2014: 30%)	995,859	2,319,479	311,144	986,124
Education tax	130,917	99,532	-	-
Tax on franked investment income	324,194	633,488	324,194	633,488
Expenses not deductible for tax purposes	2,510,770	407,029	38,187	17,096
Income not subjected to tax	(3,450,308)	(3,855,547)	(972,586)	(1,900,465)
Tax losses for which no deferred income tax asset was recognised	623,255	897,245	623,255	897,245
Minimum tax adjustments	153,285	1,603,207	153,285	175,286
Excess dividend tax adjustment	-	2,322,905	-	-
Tax charge for the year	**1,287,972**	**4,427,338**	**477,479**	**808,774**

18 Borrowings

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Falling due within a year				
Bank borrowings	12,125,454	10,639,349	5,627,440	2,517,611
Unsecured bond	3,238,531	-	-	-
	15,363,985	10,639,349	5,627,440	2,517,611
Falling due after one year				
Bank borrowings	45,530,943	37,138,699	10,045,155	9,469,009
Unsecured bond	16,313,564	-	-	-
	61,844,507	37,138,699	10,045,155	9,469,009
Total	**77,208,492**	**47,778,048**	**15,672,595**	**11,986,620**

18 Borrowings (continued)

The Group's subsidiary Transcorp Hotel Plc. issued unsecured bonds during the year as analysed:

Purpose	Principal (N'000)	Bond type	Tenor	Interest rate	Outstanding as at 31 December 2015	Outstanding as at 31 December 2014
To upgrade and refurbish Transcorp Hilton Abuja and Construct a	10,000,000	Unsecured	7 years	16% per annum	9,767,095	-
Multipurpose Banquet Hall in Transcorp Hilton Abuja.	9,785,000	Unsecured	5 years	15.5% per annum	9,785,000	-

The Group's borrowings are analysed below

Purpose	Principal (N'000)	Loan type	Tenor (Original period of borrowing)	Other terms/ Security	Interest rate	Outstanding Principal / drawdown as at 31 December 2015	Outstanding Principal / drawdown as at 31 December 2014
Company: To restructure the existing credit obligation of the Company which were provided to support its investments in Oil & Gas and Hospitality businesses.	4,400,000	Term Loan (Restructured)	8 years and 2 months (repayment from March 2013)	# Pledge of investment in treasury bill held amounting to not less than N1.2b. Pledge of the Company's direct/indirect shareholding in THP. # Tripartite legal mortgage over Metro Hotels property.	16% per annum	3,133,506	2,264,613
Company: To finance the Company's investment in target sectors.	12,500,000	Term Loan	7 years inclusive of 12 months moratorium	Negative charge on fixed and floating assets of the Company.	16% per annum	11,673,513	8,311,821
Company: To augment the Company's working capital requirements.	1,500,000	Revolving overdraft facility	365 days repayable on demand; available for 5 years	# Negative charge on fixed and floating assets of the Company.	16% per annum	785,328	169,715
Company: To provide working capital support to the Company business.	3,000,000	Revolving term loan	5 years with 180 days review cycle	Irrevocable domiciliation of specific contract to repay drawdown.	16% per annum	-	1,102,823
Company: To finance the staff share scheme.	182,292	Medium term loan	8 years and 6 months	# Charge on Transcorp investment in Akwa ibom State note worth N300m providing 120% cover	16% per annum	80,248	137,647
TPL: To acquire Target (Ughelli Power Plc) from Vendor (BPE and Ministry of Finance)- $215 million (Balance due U$181MN)	35,000,000	Acquisition finance	7 years	Share charge, the Deed of Corporate guarantee, the assignment of contracts agreement and Trust Deed	Libor plus 8.5%	37,554,680	33,877,287
TPL: To finance the import of turbine equipment and guarantee payments. ($40M).	6,700,000	Import Finance Facility	3 years hundred and 180 days where a letter credit has been raised	Domiciliation of operational proceeds and Corporate guarantee	16% per annum	3,960,461	1,416,407
TPL: To support payment of gas supply to power plant and other working capital requirements.	1,825,000	Revolving overdraft facility	5 years with 365 days review cycle	Domiciliation of operational proceeds and Corporate guarantee	16% per annum	1,825,000	-
Teragro: To finance working capital requirement including purchase of raw materials and plant maintenance.	500,000	Revolving overdraft facility	4 years	Pledge of investment in equities securities.	7% per annum	468,661	497,735
	85,392,292					**77,208,492**	**47,778,048**

 # Non compliance with loan covenants

The Company has over time liquidated or disposed off some of the collateral securities pledged for different borrowings with the bank. This represents a violation of the loan covenant with the bank. The loan balance does not become due as a result of this.

19 Financial Instruments and fair values

Measurement Categories

The following table shows the carrying values of financial assets and liabilities for each of these categories at 31 December 2015 and 2014.

Group

	31 December 2015			
	N'000	N'000	N'000	N'000
Financial Assets	Loans and receivables	Available for sale	Total carrying amount	Fair value
Trade and other receivables	31,230,894	-	31,230,894	31,230,894
Equity securities	-	1,764,937	1,764,937	1,764,937
Fixed income investment	358,887	-	358,887	407,036
Cash and cash equivalents	14,419,520	-	14,419,520	14,419,520
	46,009,301	1,764,937	47,774,238	47,822,387

	31 December 2015	
	N'000	N'000
Financial Liabilities	Other financial liabilities at amortised cost	Fair value
Trade payables and other liabilities	11,911,469	11,911,469
Advance deposits	1,875,000	1,875,000
Borrowings	77,208,492	69,646,869
	90,994,961	83,433,338

Group

	31 December 2014			
	N'000	N'000	N'000	N'000
Financial Assets	Loans and receivables	Held for trading	Total carrying amount	Fair value
Trade and other receivables	26,807,430	-	26,807,430	26,807,430
Equity securities	-	2,256,379	2,256,379	2,256,379
Fixed income investment	1,175,219	-	1,175,219	1,175,219
Cash and cash equivalents	2,930,517	-	2,930,517	2,930,517
	30,913,166	2,256,379	33,169,545	33,169,545

	31 December 2014	
	N'000	N'000
Financial Liabilities	Other financial liabilities at amortised cost	Fair value
Trade payables and other liabilities	13,194,502	13,194,502
Advance deposits	1,875,000	1,875,000
Borrowings	47,778,048	45,029,599
	62,847,550	60,099,101

Company

	31 December 2015			
	N'000	N'000	N'000	N'000
Financial Assets	Loans and receivables	Available for sale	Total carrying amount	Fair value
Trade and other receivables	20,085,791	-	20,085,791	20,085,791
Fixed income investment	358,887	-	358,887	358,887
Equity securities	-	1,764,937	1,764,937	1,764,937
Cash and cash equivalents	10,686	-	10,686	10,686
	20,455,364	1,764,937	22,220,301	22,220,301

	31 December 2015	
	N'000	N'000
Financial Liabilities	Other financial liabilities at amortised cost	Other financial liabilities at fair value
Trade payables	7,647,979	7,647,979
Advance deposits	1,875,000	1,875,000
Borrowings	15,672,595	14,435,605
	25,195,574	23,958,584

Company

	31 December 2014			
	N'000	N'000	N'000	N'000
Financial Assets	Loans and receivables	Held for trading	Total carrying amount	Fair value
Trade and other receivables	15,753,859	-	15,753,859	15,753,859
Equity securities	-	2,256,379	2,256,379	2,256,379
Fixed income investment	1,175,219	-	1,175,219	1,175,219
Cash and cash equivalents	8,118	-	8,118	8,118
	16,937,196	2,256,379	19,193,575	19,193,575

19 Financial instruments and fair values (continued)

Financial Liabilities	31 December 2014 N'000 Other financial liabilities at amortised cost	N'000 Other financial liabilities at fair value
Trade payables	6,695,023	6,695,023
Advance deposits	1,875,000	1,875,000
Borrowings	11,986,620	11,588,598
	20,556,643	20,158,621

Fair values, including valuation methods and assumptions

The following table shows the financial assets on the balance sheet that are measured at fair value in a hierarchy that is based on significance of the inputs used in making the measurements.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

There were no transfer of financial assets between fair value levels of hierarchy.

	Fair value Hierarchy	31 December 2015	31 December 2014
Group		N'000	N'000
Assets			
Equity securities at fair value through OCI	Level 1	1,764,937	-
Equity securities at fair value through profit or loss	Level 1	-	2,256,379
Company			
Assets			
Equity securities at fair value through OCI	Level 1	1,764,937	-
Equity securities at fair value through profit or loss	Level 1	-	2,256,379

The table below shows other financial instruments not measured at fair value but which the fair values have been disclosed:

Group		31 December 2015	31 December 2014
Assets		N'000	N'000
Loans and receivables			
Trade and other receivables	Level 3	31,230,894	26,807,430
Fixed income investment	Level 2	-	1,175,219
Total assets		31,230,894	27,982,649
Liabilities		31 December 2015	31 December 2014
Other financial liabilities at amortised cost		N'000	N'000
Trade payables and other liabilities	Level 3	11,911,469	13,194,502
Advance deposits	Level 3	1,875,000	1,875,000
Borrowings	Level 2	77,208,492	45,029,599
Total liabilities		90,994,961	60,099,101

Company		31 December 2015	31 December 2014
Assets		N'000	N'000
Loans and receivables			
Trade and other receivables	Level 3	20,085,791	15,753,859
Debt securities	Level 2	358,887	1,175,219
Total assets		20,444,678	16,929,078
Liabilities			
Other financial liabilities at amortised cost			
Trade payables and other liabilities	Level 3	7,647,979	6,695,023
Advance deposits	Level 3	1,875,000	1,875,000
Borrowings	Level 2	15,672,595	11,986,620
Total liabilities		25,195,574	20,556,643

20 Advance deposits

	Group & company	
	31 December 2015 N'000	31 December 2014 N'000
Sacoil / Equity, Energy and Resource (EER) farm-in fees	1,875,000	1,875,000

Advance deposits of N1.875 billion (2014: N1.875 billion) relates to an advance payment of $12.5million received from EER/Sacoil as farm-in fees for Oil Prospecting License 281 (OPL 281).

The Production Sharing Contract (PSC) with NNPC was signed on 2 May 2014. The farm-in process has not been completed. Sacoil has since indicated its intention to discontinue its interest in the OPL 281 and has served the Company with a notice to refund its farm-in fees with accrued interest totaling $19 million (N3.3 billion). The Company is currently contesting this refund request in court. Based on the representation from its legal adviser, there is no likelihood of unfavourable outcome of the suit.

21 Revenue

The group derives the following types of revenue:

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Rooms	9,060,025	9,599,537	-	-
Food and beverage	3,560,761	4,283,616	-	-
Shop rental	644,952	557,477	-	-
Service charge	152,416	182,964	-	-
Laundry		90,195	-	-
Other operating revenue	561,171	391,006	-	-
Juice Concentrate	126,709	20,181	-	-
Dividend income	-	-	3,241,943	6,334,884
Capacity charge	12,176,485	11,715,279	-	-
Energy sent out	14,331,933	14,007,349	-	-
Ancillary services	139,054	490,532	-	-
	40,753,506	41,338,136	3,241,943	6,334,884

All recognised revenue were generated in Nigeria.

22 Cost of sales

	Group	
	31 December 2015	31 December 2014
	N'000	N'000
Rooms	1,126,676	707,980
Staff costs (Note 26)	1,964,941	1,751,557
Food and beverage	959,141	1,576,049
Natural gas and fuel costs	7,937,004	3,237,185
Direct materials	98,729	14,322
Other direct expenses	657,018	106,939
Repairs and maintenance	1,628,855	1,276,631
Depreciation	1,853,358	4,517,127
Insurance	169,850	133,304
Other operating departments	27,543	382,514
	16,423,115	13,703,608

23 Other income

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	N'000	N'000	N'000	N'000
Dividend income on equity securities	150,483	240,602	150,483	240,602
Management fees from subsidiaries (Note 36)	-	-	353,513	525,250
Commission received	-	10,187	-	10,187
Income on partial disposal of subsidiary	-	-	-	521,860
Profit on fixed asset disposal	16,595	542	-	-
Recovery of investment in Nitel	164,808	-	164,808	-
Income from tenants	100,373	-	-	-
Write back of provision	44,964	-	-	-
Other income	27,237	140,247	21,840	94,509
	504,460	391,578	690,644	1,392,408

24 Other (losses)/gains - net

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Included in profit or loss	N'000	N'000	N'000	N'000
Fair value gain on equity securities	-	-2,253,829	-	-2,253,829
Fair value loss on investment properties	-38,164	-	-	-
Fair value gain on investment properties	106,600	25,000	106,600	25,000
Loss on sale of investment	-185,948	-	-	-
Foreign exchange (loss) / gain (Note 28)	-69,304	109,280	-153,240	-29,671
	(186,816)	(2,119,549)	(46,640)	(2,258,500)
Included in other comprehensive income				
Fair value loss on equity securities	587,547	-	475,867	-

A significant portion (92%) of the group's equity portfolio is its investment in United Bank of Africa (UBA) shares. The market price of the equity security decreased by 21% from N4.3 per share in December 2014 to N3.83 per share in December 2015. The fair value of all equity securities is based on their current bid prices in an active market.

The changes in the market price of the UBA share resulted in a fair value loss of N475.9 million (Group: N587.5 million). Measures put in place by management to mitigate against its price risk has been disclosed in Note 3.1(ii).

25 Administrative and general expenses

	Group		Company	
	31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
Staff costs (Note 26)	1,876,474	2,254,631	299,368	557,762
Depreciation	1,102,394	2,083,116	19,770	23,674
Amortisation (Note 7)	13,398	15,200	907	1,490
Auditors' remuneration	120,556	110,119	35,000	35,000
Management and incentive fees	918,507	1,688,901	-	388,889
Professional fees	638,107	415,255	332,851	172,500
Director's remuneration (Note 26)	544,688	574,245	221,845	346,994
Rent and rates	149,314	51,244	45,926	41,796
Loss on asset disposal	173	6,811	173	6,811
Repairs and maintenance	727,843	605,173	4,374	3,613
Advertising	24,517	29,878	5,515	12,365
Group Service benefits	272,869	295,004	-	-
Insurance	185,325	16,930	10,886	7,712
Eletricity and diesel cost	907,429	607,032	7,557	6,540
Travel and accommodation	407,804	206,278	82,582	70,827
Licenses and fees	55,884	23,867	55,527	22,681
Business development	20,510	459,553	500	12,663
Bank charges	181,445	95,362	29,942	27,052
Write off of fixed income investment	377,064	-	377,064	-
Provision for bad debts	344,505	-	-	-
Donations	11,755	-	1,000	-
CSR cost	23,035	859,262	-	-
Other operating expenses	710,021	1,883,226	188,517	244,402
	9,613,617	12,281,087	1,719,304	1,982,771

Other operating expenses include costs incurred on security services, subscription and fees, public relations and lease rentals.

In 2015, PwC carried out non audit services totalling N10.27 million (2014: Nil) for Transcorp group. This non audit services were carried out with the consent of the audit engagment partners and these services pose no threat to PwC's Independence and objectivity. The amount is included in professional fees.

26 Particulars of directors and staff

a The average number of persons, (excluding directors), employed by the Group and Company during the year was as follows:

	Group		Company	
	31 December 2015 Number	31 December 2014 Number	31 December 2015 Number	31 December 2014 Number
Managerial	53	52	11	8
Senior staff	166	440	6	5
Others	1,930	1,433	8	10
	2,149	1,925	25	23

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

	Group		Company	
	31 December 2015 Number	31 December 2014 Number	31 December 2015 Number	31 December 2014 Number
N240,001 - N500,000	911	773	-	-
N500,001 - N1,000,000	708	661	4	4
N1,000,001 - N2,000,000	181	227	-	-
N2,000,001 - N4,000,000	182	172	5	6
Above N4,000,000	167	92	16	13
	2,149	1,925	25	23

c Staff costs for the above persons (excluding Directors):

	Group		Company	
	31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
Salaries and wages	3,641,488	3,824,576	283,482	544,442
Defined contribution cost	199,927	181,612	15,886	13,320
	3,841,415	4,006,188	299,368	557,762

d Analysis of staff costs:

	Group		Company	
	31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
Cost of sales	1,964,941	1,751,557	-	-
Administrative and general expenses	1,876,474	2,254,631	299,368	557,762
	3,841,415	4,006,188	299,368	557,762

e Emoluments of directors

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
The remuneration paid to the Directors of the Company was:				
Salaries	240,095	192,987	94,923	192,987
Fees	119,441	11,365	10,350	9,915
Defined contribution	6,328	1,541	3,976	1,541
Benefits in kind	178,824	368,352	112,596	142,551
	544,688	574,245	221,845	346,994
Amount paid to the highest paid director	94,923	192,987	94,923	192,987
Chairman's emoluments				
Fees	1,400	1,600	1,400	1,600
Benefit in kind	42,373	132,293	42,373	132,293
	43,773	133,893	43,773	133,893

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

	Group 31 December 2015 Number	Group 31 December 2014 Number	Company 31 December 2015 Number	Company 31 December 2014 Number
Less than N10,000,000	9	21	-	2
Over N10,000,000	19	11	8	8
	28	32	8	10

27 Finance costs and income

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Finance costs:				
Interest expense on loans	6,818,984	4,919,859	2,396,053	1,418,722
Foreign exchange loss on financing activities (Note 28)	6,061,132	2,871,413	-	-
	12,880,116	7,791,272	2,396,053	1,418,722
Finance income:				
Interest income - fixed income investment	-	249,819	-	249,818
Interest on loan	815,816	695,587	1,266,556	965,007
Interest on fixed deposits	-	218,696	-	-
Interest on bank deposits	349,411	62,856	-	-
Interest to unwind discounted receivable	-	650,646	-	-
Others	-	19,796	-	4,955
Finance income	1,165,227	1,897,400	1,266,556	1,219,780
Net finance costs	11,714,889	5,893,872	1,129,497	198,942

28 Net foreign exchange (losses)/gains

The exchange differences charged/credited to the income statement are included as follows:

	Group 31 December 2015 N'000	Group 31 December 2014 N'000	Company 31 December 2015 N'000	Company 31 December 2014 N'000
Other (losses)/gains - net (Note 24)	-69,304	109,280	-153,240	-29,671
Finance costs (Note 27)	6,061,132	2,871,413	-	-
	5,991,828	2,980,693	-153,240	-29,671

The movement in foreign exchange differences is as result of the decline in the value of the Nigerian Naira against the US Dollars by N41/$1 from December 2014 to December 2015.

29 Earnings per share

Basic earnings/ loss per share is calculated by dividing the profit/ loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

	Group		Company	
	31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
Profit attributable to shareholders	(196,128)	74,033	559,667	2,478,305
Weighted average number of ordinary shares in issue	38,720,997	38,720,997	38,720,997	38,720,997
Basic earnings/ loss per share (Kobo)	(0.51)	0.19	1.45	6.40
Diluted earnings/ loss per share (Kobo)	(0.51)	0.19	1.45	6.40

30 Share capital

a Authorised:

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
45,000,000,000 ordinary shares of 50kobo each	22,500,000	22,500,000	22,500,000	22,500,000

Allotted, called up and fully paid:

	Group and Company		
	Number of shares (thousands)	Ordinary shares N'000	Total N'000
At 1 January 2015	38,720,997	19,360,499	19,360,499
At 31 December 2015	38,720,997	19,360,499	19,360,499

	Group		Company	
	31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
b Share premium	7,213,368	7,213,368	7,213,368	7,213,368

c **Treasury shares**

Treasury shares represent the Company's shares held by the Transcorp Staff Share Ownership Trust Company Limited (a subsidiary) as at 31 December 2015. During the year, as consideration for the liquidation of fixed income investment, BGL transferred 73,934,500 units of the company shares valued at N208.02 million to the Company. The Company then transferred these shares to Transcorp Staff Share Ownership Trust Company Limited.

31 Non controlling Interest

	Transcorp Hotels Plc (THP)	Transcorp Ughelli Power Limited (TUPL)	Transcorp Hotels Ikoyi Limited	Group
At 1 January 2015	26,249,339	6,999,216	-	33,248,555
THP profit for the year	590,023	-	-	590,023
TPL profit for the year	-	1,050,115	-	1,050,115
NCI share of dividend declared	(513,256)	(649,902)	-	(1,163,158)
Shares alloted to NCI	-	-	840	840
At 31 December 2015	26,326,106	7,399,429	840	33,726,375

32 Cash generated from operating activities

	Group		Company	
	31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
Profit before tax	3,319,529	7,731,598	1,037,146	3,287,079
Adjustment for non cash items				
Depreciation of fixed assets (Note 6)	2,957,132	6,600,248	19,770	23,674
Loss on disposal of property plant and equipment	173	6,811	173	6,811
Loss on disposal of intangible asset	821	-	-	-
Amortization of intangible assets	13,398	15,200	907	1,490
Fair value gain - Investment property	(106,600)	(25,000)	(106,600)	(25,000)
Fair value gain on equity securities (Note 24)	-	2,253,829	-	2,253,829
Fair value loss - investment properties (Note 8)	38,164	-	-	-
Impairment of fixed income investment	349,062	-	349,062	-
Other comprehensive income	(111,680)	-	-	
Amortization of prepaid lease rental	-	30,000	-	-
Impairment of property, plant and equipment	-	50,756	-	-
Finance cost (Note 27)	12,880,116	7,791,272	2,396,053	1,418,722
Finance income (Note 27)	(1,165,227)	(1,897,400)	(1,266,556)	(1,219,780)
Foreign exchange loss	6,061,132	2,762,133	51,450	-

32 Cash generated from operating activities (continued)

Other adjustments to reconcile expenses for the year to cash from operating activities				
Increase in debtors and prepayment	(3,639,732)	(19,492,459)	(3,592,949)	(11,880,542)
Increase in inventory	(2,915,232)	(251,048)	-	-
Increase in payables and accrued expenses	6,328,432	7,470,789	952,956	2,587,207
Net cash generated from/(used in) operations	24,009,488	13,046,729	(158,588)	-3,546,510

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

Net book amount	365,112	9,537	204	9,537
Loss on disposal of property plant and equipment	(173)	(6,811)	(173)	(6,811)
Proceeds from sale of property plant and equipment	364,939	2,726	31	2,726

33 Capital commitments

The group has committed capital expenditure up to N13.3 billion (2014: N1.7 billion) for hotel expansion and upgrade, commitment to General Electric for the rehabilitation of Gas Turbine (GT) 15 was US$ 18.2 million and US$ 8.9 million to Thomassen LLC for the rehabilitation of GT 20.

34 Contingent Liabilities

Apart from the case mentioned in note 20, there were no other material litigations in the ordinary course of business as at the balance sheet date. The directors are of the opinion that all known liabilities which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

35 Subsequent events

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

36 Related parties

a Related entities

Heirs Holding Limited

Heirs Holding Limited is a company controlled by the group's key management personnel. Transcorp entered into a technical services agreement with Heirs Holding Limited for the latter's provision of corporate and financial advisory services, governance support, brand and communications services and business development support.

A technical services agreement was also entered into between Transcorp Power Limited and Heirs Holdings Limited.

Tony Elumelu Foundation

Tony Elumelu Foundation is a company controlled by the group's key management personnel. The Foundation carries out various Corporate Social Responsibility (CSR) activities on behalf of Transcorp Power Limited.

Tenoil Petroleum and Energy Services

Tenoil Petroleum and Energy Services is a company controlled by the group's key management personnel. Tenoil disposed part of its interest in Transcorp Power Limited (TPL) to Transcorp Plc. Consideration for the disposal was used to reduce amount receivable from the counter-party as at date of disposal. The outstanding receivable balance as at balance sheet date is deemed recoverable.

Nembe Creek Oil Company Limited

Nembe Creek Oil Company Limited is a company controlled by the group's key management personnel.

Other subsidiaries

The Company enter into a Technical and Management services agreement with Transcorp Hotels Plc and Transcorp Power Limited. As stipulated in the signed agreement, the Company earns management fee of 5% of profit before tax of Transcorp Hotels Plc and Transcorp Power Limited.
Other intercompany balances relates to payment made or received on behalf of the company's subsidiaries.

b Key management personnel

Name	Designation	Name	Designation
Mr. Tony Elumelu, MFR	Chairman	Mr. Stanley Inye Lawson	Director
Mr. Emmanuel N. Nnorom	President/CEO	Mr. Chibundu Edozie	Director
Olorogun Otega Emerhor, OON	Director	Alhaji Abdulquadir Jeli Bello	Director
Mr. Kayode Fasola	Director		

36 Related parties (continued)

c Subsidiaries

Details of the subsidiaries have been disclosed in note 9c

d Related party transactions

Name of Party	Nature of Relationship	Nature of Transactions	Outstanding balance at 1 January 2015	Net value of Transactions in 2015	Outstanding balance at 31 December 2015
Group					
Receivable					
Heirs Holding Limited	Controlled key management personnel	Receivable	2,290,424	(1,203,155)	1,087,269
Tenoil Petroleum and Energy Services	Controlled key management personnel	Receivable	341,023	(341,023)	-
Nembe Creek Oil Company Limited	Controlled key management personnel	Receivable	886,897	(316,619)	570,278
			3,518,344		1,657,547
Payable					
Tony Elumelu Foundation	Controlled key management personnel	Corporate Social Responsibility	77,806	-55,771	22,035
Heirs Holding Limited	Controlled key management	Technical	427,806	-405,771	22,035
Nembe Creek Oil Company Limited	Controlled key management personnel	Payable	1,047	1,496	2,543
			506,659		46,613
Company					
Receivable					
Transcorp Power Limited	Subsidiary	Receivable	4,227,302	2,408,899	6,636,201
Teragro Commodities Limited	Subsidiary	Receivable	642,871	284,893	927,764
Transcorp Energy Limited	Subsidiary	Receivable	2,778,322	456,452	3,234,774
Transcorp Staff Share Ownership Trust Company L	Subsidiary	Receivable	379,843	237,417	617,260
Transcorp OPL 281 Limited	Subsidiary	Receivable	302,855	455,639	758,494
Transcorp Hotels Calabar Limited	Subsidiary	Receivable	15,356	493	15,849
Tenoil Petroleum and Energy Services Limited	Controlled by key management	Receivable	1,412,687	-774,329	638,358
Nembe Creek Oil Company Limited	Controlled by key management	Receivable	886,897	-319,811	567,086
Heirs Holding Limited	Controlled by key management personnel	Receivable	-	388,889	388,889
			10,646,133		**13,784,675**

Payable

Name of Party	Nature of Relationship	Nature of Transactions	Outstanding balance at 1 January 2015	Net value of Transactions in 2015	Outstanding balance at 31 December 2015
Transcorp Refining Company Limited (Inactive)	Subsidiary	Payable	1,000	-	1,000
Transcorp Telecomms Limited (Inactive)	Subsidiary	Payable	10,000	-	10,000
Telecommunications Backbone Development	Subsidiary	Payable	9,900	(9,900)	-
Teragro Commodities Limited	Subsidiary	Payable	9,500	-	9,500
Transcorp Energy Limited	Subsidiary	Payable	9,900	-	9,900
Transcorp Trading and Logistics Limited (Inactive)	Subsidiary	Payable	10,000	-	10,000
Allied Commodities Limited (Inactive)	Subsidiary	Payable	9,500	(9,500)	-
Transcorp Properties Limited	Subsidiary	Payable	10,000	-	10,000
Transcorp Hotels Plc	Subsidiary	Payable	5,966,484	1,156,282	7,122,766
Transcorp OPL 281 Limited	Subsidiary	Payable	500	-	500
Ughelli Power Plc	Sub-subsidiary	Payable	76,831	(76,831)	-
Heirs Holding Limited	Controlled by key management personnel	Technical Service Fees	350,000	(350,000)	-
			6,463,615		**7,173,666**

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

There are no future commitments or obligations by or to any related parties.

Transnational Corporation of Nigeria Plc
Statement of Value Added
For the year ended 31 December 2015

	Group				Company			
	2015 N'000	**%**	**2014 N'000**	**%**	**2015 N'000**	**%**	**2014 N'000**	**%**
Revenue	40,753,506		41,338,136		3,241,943		6,334,884	
Other income	1,482,871		169,429		1,910,560		353,688	
	42,236,377		41,507,565		5,152,503		6,688,572	
Bought in services								
- Local	21,532,946		21,691,343		1,876,019		1,594,157	
- Foreign			1,077,966		-		-	
	21,532,946		22,769,309		1,876,019		1,594,157	
Value added	20,703,431		18,738,256		3,276,484		5,094,415	
Distribution								
Employees								
Salaries and benefits	3,988,939	19%	4,003,683	21%	299,369	9%	364,940	7%
Provider of funds								
Interest	12,880,116	63%	4,919,859	26%	2,396,053	72%	1,418,722	28%
Government								
Taxation	1,287,972	6%	4,427,338	24%	477,479	15%	808,774	16%
The Future								
Depreciation	1,102,394	5%	2,083,116	11%	19,783	1%	23,674	0%
Retained profit	1,444,010	7%	3,304,260	18%	83,800	3%	2,478,305	49%
	20,703,431	100%	18,738,256	100%	3,276,484	100%	5,094,415	100%

The Group

Balance sheet	2015 N'000	2014 N'000	2013 N'000	2012 N'000	2011 N'000
Non-current asset	152,124,317	134,742,937	122,211,610	50,988,839	51,472,274
Current asset	50,759,632	36,012,425	27,252,803	24,615,363	9,999,811
Current liabilities	-43,031,781	-32,268,177	-15,737,084	-16,596,345	-10,396,285
Non-current liabilities	-72,346,937	-48,732,334	-47,050,822	-17,572,910	-10,117,056
Net assets	87,505,231	89,754,851	86,676,507	41,434,947	40,958,744
Capital and reserves					
Share capital	19,360,499	19,360,499	19,360,499	12,906,999	12,906,999
Share premium	7,213,368	7,213,368	7,213,368	27,071,664	27,071,664
Treasury shares	-345,819	-137,790	-25,784	-	-
Revenue reserves	28,138,355	30,070,219	31,678,187	-9,677,738	-11,218,968
Other reserves	-587,547	-	-	-	-
Non-controlling interest	33,726,375	33,248,555	28,450,237	11,134,022	12,199,049
	87,505,231	89,754,851	86,676,507	41,434,947	40,958,744
Comprehensive income					
Revenue	40,753,506	41,338,136	18,825,278	13,244,845	13,901,453
Profit before taxation	3,319,529	7,731,598	9,032,151	3,948,215	4,605,925
Taxation	-1,287,972	-4,427,338	-2,074,249	-1,420,467	1,255,696
Profit after taxation	2,031,557	3,304,260	6,957,902	2,527,748	5,861,624
Other comprehensive income for the year	-587,547	-	-	182,953	-157,534
Total comprehensive income for the year	1,444,010	3,304,260	6,957,902	2,710,701	5,704,090
Basic earnings per share (kobo)	(0.5)	0.2	12.2	4.4	7.7

Company

Balance sheet	2015 N'000	2014 N'000	2013 N'000	2012 N'000	2011 N'000
Non-current asset	36,112,824	34,277,534	36,266,862	27,917,466	22,204,720
Current asset	20,506,655	19,964,436	12,812,629	10,729,254	2,044,926
Current liabilities	-15,352,617	-11,311,771	-6,961,604	-10,909,276	-6,949,841
Non-current liabilities	-10,045,155	-9,469,009	-9,198,952	-10,003,427	-2,104,965
Net assets	31,221,707	33,461,190	32,918,935	17,734,017	15,194,840
Capital and reserves					
Share capital	19,360,499	19,360,499	19,360,499	12,906,999	12,906,999
Share premium	7,213,368	7,213,368	7,213,368	27,071,664	27,071,664
Revenue reserves	5,123,707	6,887,323	6,345,068	-22,244,646	-24,783,823
Other reserves	-475,867	-	-	-	-
	31,221,707	33,461,190	32,918,935	17,734,017	15,194,840
Comprehensive income					
Revenue	3,241,943	6,334,884	2,142,000	2,325,697	2,833,333
Profit before taxation	1,037,146	3,287,079	3,186,963	2,874,600	1,313,375
Taxation	-477,479	-808,774	-365,951	-335,423	-361,516
Profit after taxation	559,667	2,478,305	2,821,012	2,539,177	951,859
Other comprehensive income	-475,867	-	-	-	-
Total comprehensive income for the year	83,800	2,478,305	2,821,012	2,539,177	951,859
Basic earnings per share (kobo)	1.45	6.40	8.52	9.08	3.7