transcorp Hotels

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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FOR THE YEAR ENDED 31 DECEMBER 2021

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CORPORATE INFORMATION

Country of incorporationn and domicile		Nigeria
Directors:	Mr. Emmanuel Nnorom	Chairman
	Mrs Dupe Olusola	Managing Director/Chief Executive Officer
	Mrs. Owen Omogiafo	Non-Executive Director
	Mr. Valentine Ozigbo	Non-Executive Director (Resigned 27 April 2021)
	Mr. Peter Elumelu	Non-Executive Director
	Mr. Alex Okoh	Non-Executive Director
	Mr. Alexander Adeyemi	Non-Executive Director
	Mrs. Helen Iwuchukwu	Non-Executive Director
	Hajia Saratu Umar	Independent Non-Executive Director (Resigned 26 April 2021)
	Mrs. Bolanle Onagorowa	Independent Non-Executive Director (Appointed 17 December 2021)
Group Company Secretary:	Mrs. Kofo Olokun-Olawoyin	
Registered office:	1 Aguiyi Ironsi Street, Maitama Federal Capital Territory Abuja, Nigeria.	
Holding Company:	Transnational Corporation of Nigeria Plc.	
Registration number:	RC 248514	
Registrars:	Africa Prudential Plc 220B Ikorodu Road Palmgrove, Lagos.	
Principal banker:	United Bank for Africa Plc UBA House 57 Marina, Lagos Nigeria.	
Auditors:	Deloitte & Touche Chartered Accountants Civic Towers, Plot GA 1 Ozumba Mbadiwe Avenue Victoria Island, Lagos Nigeria.	
Investors Relations Manager:	Mrs. Oluwatobiloba Ojediran oluwatobiloba.ojediran@transcorphotelsplc.com	
Investors Relations Portal:	https://www.transcorphotels.com/investor-relations/	

DIRECTORS' REPORT

The Directors have pleasure in submitting their report on the consolidated and separate financial statements of Transcorp Hotels Plc. ("the Company), and the Group for the year ended December 31, 2021.

1. Principal Activities

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

2. Review of financial results and activities

Full details of the financial position, results of operations and cash flows of the Group and Company are set out on pages 17 - 20 of these consolidated and separate financial statements. The summarised results are presented below.

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

3. Directorate

The Directors in office at the date of this report are as follows:

Directors	Designation	Changes
Mr. Emmanuel Nnorom	Chairman	
Mrs. Dupe Olusola	Managing Director/Chief Executive Officer	
Mrs. Owen Omogiafo	Non-Executive Director	
Mrs. Helen Iwuchukwu	Non-Executive Director	
Mr. Valentine Ozigbo	Non-Executive Director	Resigned 27 April 2021
Mr. Peter Elumelu	Non-Executive Director	
Mr. Alex Okoh	Non-Executive Director	
Mr. Alexander Adeyemi	Non-Executive Director	
Hajia Saratu Umar	Independent Non-Executive Director	Resigned 26 April 2021
Mrs. Bolanle Onagorowa	Independent Non-Executive Director	Appointed 17 December 2021

4. Directors' interests in shares

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

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

*Held indirectly through Vine Foods Limited.

**Held indirectly through Transnational Corporation of Nigeria Plc.

***Held indirectly through the Ministry of Finance.

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

5. Directors' interests in contracts

None of the Directors notified the Company of any direct or indirect interest in contracts or proposed contracts with the Company during the year for the purpose of Section 303 of the Companies and Allied Matters Act, 2020.

6. Alternate Directorship

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

7. Dividends

The Board of Directors have approved the payment of dividend of 7 kobo per share amounting to N716,976,989 (2020:Nil) on the outstanding ordinary share of 10,242,528,411 shares of 50 kobo each for the year ended 31 December 2021. This is subject to shareholders declaration of same as final dividend at the next Annual General Meeting (AGM). Withholding tax at the applicable rate will be deducted at the time of payment.

8. Share capital

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

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

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

Range	No. of Holders	Percentage %	Holdings	Percentage %
1-999	431	23.69	79,742	-
1000- 9,999	864	47.50	2,081,028	0.02
10,000 - 99,999	415	22.81	9,434,938	0.09
100,000 - 999,999	89	4.89	17,140,134	0.17
1,000,000 - 9,999,999	12	0.66	36,226,747	0.35
10,000,000 - 99,999,999	1	0.05	10,000,000	0.10
100,000,000 - 999,999,999	5	0.27	1,236,330,806	12.07
Above 1,000,000,000	2	0.11	8,931,235,016	87.20
Total	**1,819**	**100**	**10,242,528,411**	**100**

Shareholder Structure as at 31 December 2021

Holder Type	Holder count	Holdings	Percentage %
Individual	1,753	266,874,184	2.61
Government	1	1,131,165,000	11.04
Corporate	53	8,843,405,271	86.34
Foreign	6	1,023,091	0.01
Joint	6	60,865	0.00
Total	**1,819**	**10,242,528,411**	**100**

Share Capital History

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

Dates	Authorised (N)		Issued & Fully Paid-up		Consideration
	Increase (N)	Cumulative (N)	Increase (N)	Cumulative (N)	
12/07/1994	10,000,000	10,000,000	5,000,000	5,000,000	Cash
13/01/2014	20,000,000	30,000,000	16,000,000	21,000,000	Cash
13/03/2014	7,470,000,000	7,500,000,000	3,570,000,000	3,591,000,000	Bonus issue
13/03/2014	7,500,000,000	15,000,000,000	3,591,000,000	7,182,000,000	Stock split
11/11/2014	-	15,000,000,000	418,403,900	7,600,403,900	Cash
17/12/2020	-	15,000,000,000	2,642,124,511	10,242,528,411	Right issue

DIRECTORS' REPORT - Continued

9. Substantial Interest in Shares

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

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

10. Property, plant and equipment

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

11. Employment and Employees

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

a) Employment of Physically Challenged Persons

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

b) Health, Safety and Environment

The Group maintains business premises and work environment that promote 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 medical insurance for its employees and their families through select health management organizations and hospitals.

c) Employees Development, Training and Engagement

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

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

12. Donations

No donation was made to any political party during the year.

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

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

13. Securities Trading Policy

The Group's Code of Conduct contains the Securities Trading Policy. It prohibits employees and Directors from insider trading, dealings and stock tipping during closed periods. The Capital Market, Board and Management are regularly notified of closed periods, and no insider trading was recorded during the year.

14. Complaint Management Procedure

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

DIRECTORS' REPORT - Continued

15. Risk Management Policy and Practices

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

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

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

16. Fines and Penalties

The Company was not fined during the year under review.

17. The Nature of Any Related Party Relationships and Transaction

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

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

Terms and conditions of transactions with related parties

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

Related party borrowings:

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

18. Other Term

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

19. Events After the Reporting Date

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

20. Terms of Re-appointment of the Auditors

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

Signed on behalf of the Board of Directors By:

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

a) properly selecting and applying accounting policies

b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

c) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern

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

Certification of Financial Statements

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

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group as of and for, the periods covered by the audited financial statements;

We state that Management and Directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company (and its subsidiaries) is made known to the officer by other officers of the Group, particularly during the period in which the audited financial statement report is being prepared,

(ii) has evaluated the effectiveness of the Group’s internal controls within 90 days prior to the date of its audited financial statements, and

(iii) certifies that the Group’s internal controls are effective as of that date;

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We have disclosed:
(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and has identified for the Group's auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Group's internal control; and

(d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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

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Mr. Emmanuel Nnorom	Mrs. Dupe Olusola
Chairman	**Managing Director/ CEO**
FRC/2014/ICAN/00000007402	FRC/2020/003/00000021104

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

To the members of Transcorp Hotels Plc

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

(a) The accounting and reporting policies of the Company for the year ended 31 December 2021 are consistent with legal requirements and ethical practices;

(b) The internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems;

(c) The scope and planning of the statutory independent audit for the year ended 31 December 2021 are satisfactory; and

(d) We have considered the independent auditors' post-audit report and Management responses thereon and are satisfied with the responses to our questions as well as the state of affairs at Transcorp Hotels Plc.

Mr. Akaninyene Obot
FRC No. FRC/2013/ICAN/00000004721

Dated this 24th day of February 2022

Members of the Statutory Audit Committee

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

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Independent Auditor's Report

To the Shareholders of Transcorp Hotels Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Transcorp Hotels Plc** and its subsidiaries (the Group and Company) set out on pages 15 to 93, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Key Audit Matter

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

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The list of Partners and Partner equivalents is available in our office

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

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

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

Other Information

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

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

Deloitte.

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Stella Mba - FRC/2013/ICAN/00000001348
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
28 February 2022

transcorp Hotels

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

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

The accounting policies on pages 19 to 47 and the notes on pages 48 to 96 form an integral part of the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

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

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

Mr. Emmanuel Nnorom	**Mrs. Oluwatobiloba Ojediran**	**Mrs. Dupe Olusola**
Chairman	**Chief Finance Officer**	**Managing Director/CEO**
FRC/2014/ICAN/00000007402	**FRC/2020/001/00000020314**	FRC/2020/003/00000021104

The accounting policies on pages 19 to 47 and the notes on pages 48 to 96 form an integral part of the consolidated and separate financial statements.

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CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Share capital	Share premium	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Group						
Balance at 1 January 2020	**3,800,202**	**4,034,411**	**49,710,434**	**57,545,047**	**(2,130)**	**57,542,917**
Loss for the year	-	-	(6,276,573)	(6,276,573)	1,055	(6,275,518)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(6,276,573)	(6,276,573)	1,055	(6,275,518)
Issue of shares	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Total contributions by and distributions to Owners of Company	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Balance at 31 December 2020	**5,121,264**	**12,548,859**	**43,433,861**	**61,103,984**	**(1,075)**	**61,102,909**
Balance as at 1 January 2021	**5,121,264**	**12,548,859**	**43,433,861**	**61,103,984**	**(1,075)**	**61,102,909**
Profit for the year	-	-	1,143,925	1,143,925	(26,609)	1,117,316
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,143,925	1,143,925	(26,609)	1,117,316
Dividends	-	-	-	-	-	-
Total contributions by and distributions to Owners of Company	-	-	-	-	-	-
Balance at 31 December 2021	**5,121,264**	**12,548,859**	**44,577,786**	**62,247,909**	**(27,684)**	**62,220,225**
Company						
Balance at 1 January 2020	**3,800,202**	**4,034,411**	**49,904,570**	**57,739,183**	**-**	**57,739,183**
Loss for the year	-	-	(6,131,459)	(6,131,459)	-	(6,131,459)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(6,131,459)	(6,131,459)	-	(6,131,459)
Issue of shares	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Total contributions by and distributions to Owners of Company	1,321,062	8,514,448	-	9,835,510	-	9,835,510
Balance at 31 December 2020	**5,121,264**	**12,548,859**	**43,773,111**	**61,443,234**	**-**	**61,443,234**
Balance at 1 January 2021	**5,121,264**	**12,548,859**	**43,773,111**	**61,443,234**	**-**	**61,443,234**
Profit for the year	-	-	574,375	574,375	-	574,375
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	574,375	574,375	-	574,375
Dividends	-	-	-	-	-	-
Total contributions by and distributions to Owners of Company	-	-	-	-	-	-
At 31 December 2021	**5,121,264**	**12,548,859**	**44,347,486**	**62,017,609**	**-**	**62,017,609**

The accounting policies on pages 19 to 47 and the notes on pages 48 to 96 form an integral part of the consolidated and separate financial statements.

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CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

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

The accounting policies on pages 19 to 47 and the notes on pages 48 to 96 form an integral part of the consolidated and separate financial statements.

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Corporate information

Transcorp Hotels Plc. is a public limited company incorporated and domiciled in Nigeria.

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

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

The registered office is located at 1 Aguiyi Ironsi Street, Maitama, Federal Capital Territory, Abuja, Nigeria.
The Group is principally engaged in hospitality activities; rendering of hotel services by providing luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travelers and tourists from all over the world. Information on the Group’s structure is provided in Note 8.

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

2. Significant Accounting Policies

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

2.1 Basis of preparation

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

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

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

These accounting policies are consistent with the previous year.

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

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

2.2 Segmental Reporting

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

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

2.3 Consolidation

Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

Where a subsidiary is disposed off and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in Subsidiaries in the Separate Financial Statements

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

Business combinations

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

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

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

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

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

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

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

Goodwill

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

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

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

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

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

2.4 Current versus Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.5 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

2.6 Revenue from Contracts with Customers

The Group is in the hospitality industry and largely offers lodging, meals and other guest services to customers.

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

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

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

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

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

The Group recognises revenue from the following major sources:

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

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

Rooms

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

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

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

i. Significant Financing Component

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

ii. Customer Options that Provide a Material Right

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

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

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

iii. Allocating discounts

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

- the terms of a variable payment relate specifically to the Group's efforts to satisfy the performance obligation or transfer the distinct good or service (or to a specific outcome from satisfying the performance obligation or transferring the distinct good or service); and

- allocating the variable amount of consideration entirely to the performance obligation or the distinct good or service is consistent with the allocation objective in IFRS 15:73 when considering all the performance obligations and payment terms in the contract.

Food and beverages

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

Acommodation and Experiences

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

Other services

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

Contract balances

Contract assets

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

Contract liabilities

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

Security deposit

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

2.7 Tax

Current Tax Assets and Liabilities

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

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

Deferred Tax Assets and Liabilities

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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

Tax Expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

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

Value added tax (VAT)

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

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

- When receivables and payables are stated with the amount of Value added tax (VAT) included

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

2.8 Translation of Foreign Currencies

Functional and presentation currency

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

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

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

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

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

2.9 Dividend

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

2.10 Property, Plant and Equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

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

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

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

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

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

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

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

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

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

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

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

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

2.10 Property, plant and equipment (continued)

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

2.11 Leases

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

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

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

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

Group as lessee

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

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

Lease liability

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Operating leases

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

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

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

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

2.12 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

2.13 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
  the cost of the asset can be measured reliably.
- Intangible assets are initially recognised at cost.
  Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

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

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

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

2.14 Investment property

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

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

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

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

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

Fair value

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

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

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

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

2.15 Financial instruments

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

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

Financial assets which are equity instruments:

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

Financial assets which are debt instruments:

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

Financial liabilities:

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

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

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

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

2.15.1 Trade and Other Receivables

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

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

Trade and Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial
.
Trade and Other receivables amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are reviewed at every reporting period for impairment.

Recognition and measurement

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

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

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

Application of the effective interest method

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

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

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

Impairment

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

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

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

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

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

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

Definition of default

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

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

2.15.2 Cash and Cash Equivalents

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

2.15.3 Borrowings and Loans from Related Parties

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

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

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (Note 12.)

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

2.15.4 Trade and Other Payables

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

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

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

2.15.5 Bank Overdrafts

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

2.15.6 Derecognition

Financial Assets

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

Financial Liabilities

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

2.15.7 Offsetting of Financial Instruments

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

2.16 Inventories

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

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

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

2.17 Impairment of Non-Financial Assets

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

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually bycomparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually or when circumstances indicate that the carrying value may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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

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

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

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

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

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

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

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

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

2.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:

  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

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

2.19 Employee benefits

Short-term employee benefits

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

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

Defined contribution plans

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

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

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

2.20 Deferred Income

Deferred income are recognised where there is reasonable assurance that a grant will be received and all

2.21 Share capital and equity

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

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

3. Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Lease classification

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

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

Investment Property Valuation

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

The basis of valuation is the Market Value, that is the price, which an interest in a property might reasonably be expected to realize in a sale by Private Treaty assuming:
a. a willing buyer;
b. a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;
c. values will remain static throughout the period;
d. the property will be freely exposed to the market;

Revenue recognition

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

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

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

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

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

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

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

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

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

Principal versus agent considerations: Hilton Honours- customer loyalty program

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

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

Expected manner of realisation for deferred tax

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

Key sources of estimation uncertainty

Impairment testing

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

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

Useful lives of property, plant and equipment

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

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

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

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

Provision for expected credit losses of trade receivables and contract assets

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

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

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

4 New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

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

Impact of the initial application of Interest Rate Benchmark Reform

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

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

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

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

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

The impact of the amendment is not material

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

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

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

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

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

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

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

The impact of the amendment is not material.

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

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

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

IFRS 17 Insurance Contracts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments are applied retrospectively, but only to items of property, plant and equipment that are

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

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

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

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

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.
It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

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

The Annual Improvements include amendments to four Standards:

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

IFRS 9 Financial Instruments

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

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

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

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

IFRS 16 Leases

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

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

IAS 41 Agriculture

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

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

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

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
– Right-of-use assets and lease liabilities
– Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

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

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Managing Director/Chief Executive Officer (MD/CEO) of Transcorp Hotels Plc. The MD/CEO reviews the Group's internal reporting in order to assess performance and allocate resources. The MD/CEO has determined the operating segments based on these reports. Assessment of performance is based on operating profits of the operating segment that is reviewed by the MD/CEO and other Directors. Other information provided to the Board is measured in a manner consistent with that of the financial statements.

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

All businesses are situated in Nigeria. In addition, there are no inter-segmental sales as all sales are to external customers and third parties.

	For the year ended 31 December 2021			
		Company		Group
Segments by entity	**Transcorp Hotels Calabar Limited**	**Transcorp Hotels Plc**	**Other Segments**	**Transcorp Hotels Plc**
	₦ '000	*₦ '000*	*₦ '000*	*₦ '000*
Rooms	461,050	13,624,603	-	14,085,653
Food & Beverage	345,560	6,124,282	-	6,469,842
Shop rental	-	823,269	-	823,269
Service charge	9,894	98,259	-	108,153
Recreation Service	-	142,548	-	142,548
Secretarial Service	-	38,379	-	38,379
Accomodation and experiences	-	-	546	546
Other operating revenue *	41,865	31,937	-	73,802
Total revenue from contracts with customers	858,370	20,883,277	546	21,742,192
Cost of Sales				
Rooms	(36,775)	(1,797,380)	-	(1,834,155)
Food and beverages	(209,645)	(3,285,606)	-	(3,495,250)
Other operating cost	(54,031)	(129,262)	-	(183,294)
Total Cost of Sales	(300,451)	(5,212,248)	-	(5,512,699)
Gross Profit	557,919	15,671,029	546	16,229,493
Other operating income	7,519	293,000	12,089	929,607
Admin expenses	(557,651)	(10,787,375)	(83,199)	(11,428,226)
Operating Income	**7,787**	**5,176,654**	**(70,564)**	**5,730,874**
Finance income/(cost)	(3,332)	(4,064,932)	-	(4,068,263)
Profit before tax	4,455	1,111,722	(70,564)	1,662,611
Tax	(7,948)	(537,347)	-	(545,295)
(Loss)/Profit after tax	**(3,493)**	**574,375**	**(70,564)**	**1,117,316**

** The total other operating income for the Group has factored in elimination of the fair value loss on Investment property which is transferred to Property, Plant and Equipment at cost on consolidation. Hence the total other operating income for the segments in the above does not equal the Group.*

Assets:				
Property, plant and equipment	1,586,184	91,173,701	9,065,788	103,979,889
Investment property	-	1,695,000	-	-
Goodwill	-	-	-	1,974,756
Other intangible assets	607	137,465	20,533	158,605
Investment in subsidiaries	-	3,529,841	-	-
Long term receivables	-	6,753,736	-	-
Deferred tax assets	132,556	-	-	132,556
Current Assets	455,219	9,666,801	17,272	9,643,920
Total assets	**2,174,566**	**112,956,544**	**9,103,593**	**115,889,726**
Equity and liabilities:				
Issued capital	7,690	5,121,264	12,100	5,121,264
Share premium	1,342,310	12,548,859	10,000	12,548,859
Non-Controlling Interest	-	-	-	(27,684)
Retained earnings	82,783	44,347,486	(125,505)	44,577,786
Total equity	**1,432,783**	**62,017,609**	**(103,405)**	**62,220,225**
Total liabilities	741,782	50,938,935	9,206,998	53,669,501
Total equity and liabilities	**2,174,565**	**112,956,544**	**9,103,593**	**115,889,726**

	For the year ended 31 December 2020			
		Company		Group
Segments by entity	**Transcorp Hotels Calabar Limited**	**Transcorp Hotels Plc**	**Other Segments**	**Transcorp Hotels Plc**
	₦ '000	*₦ '000*	*₦ '000*	*₦ '000*
Rooms	272,163	6,359,665	-	6,631,828
Food and beverages	207,726	2,364,604	-	2,572,330
Shop rental	-	77,753	-	77,753
Service charge	5,909	693,794	-	699,703
Recreation Service	-	84,996	-	84,996
Secretarial Service	-	29,147	-	29,147
Other operating revenue	19,082	37,405	-	56,487
Total revenue from contracts with customers	**504,880**	**9,647,364**	**-**	**10,152,244**
Cost of Sales				
Rooms	(120,323)	(1,940,444)	-	(2,060,767)
Food and beverages	(93,251)	(1,207,572)	-	(1,300,823)
Other operating cost	-	(127,884)	-	(127,884)
Total Cost of Sales	(213,574)	(3,275,900)	-	(3,489,474)
Gross Profit	291,306	6,371,464	-	6,662,770
Other operating income	(1,096)	216,266	9,000	224,170
Admin expenses	(478,355)	(10,030,823)	(17,923)	(10,527,101)
Operating Income	**(188,145)**	**(3,443,093)**	**(8,923)**	**(3,640,161)**
Finance income/(cost)	265	(5,300,390)	-	(5,300,125)
Loss before tax	(187,880)	(8,743,483)	(8,923)	(8,940,286)
Tax	52,745	2,612,024	-	2,664,769
Loss after tax	**(135,135)**	**(6,131,459)**	**(8,923)**	**(6,275,517)**

Assets:				
Property, plant and equipment	1,646,080	92,932,840	9,061,974	105,707,093
Investment property	-	2,312,000	-	-
Goodwill	-	-	-	1,974,756
Other intangible assets	275	114,553	-	114,828
Investment in subsidiaries	-	3,529,781	-	-
Long term receivables	-	6,671,327	-	-
Deferred tax assets	132,719	-	-	132,719
Current Assets	184,591	4,995,548	2,000	4,993,936
Total assets	**1,963,665**	**110,556,049**	**9,063,974**	**112,923,332**
Equity and liabilities:				
Issued capital	7,690	5,121,264	12,000	5,121,264
Share premium	1,342,310	12,548,859	10,000	12,548,859
Non-Controlling Interest	-	-	-	(1,075)
Retained earnings	86,276	43,773,111	(53,261)	43,433,861
Total equity	**1,436,276**	**61,443,234**	**(31,261)**	**61,102,909**
Total liabilities	527,389	49,112,815	9,095,235	51,820,423
Total equity and liabilities	**1,963,665**	**110,556,049**	**9,063,974**	**112,923,332**

* Other segments includes the three other subsidiaries in the Group; Aura by Transcorp Hotels, Transcorp Hotels Ikoyi and Transcorp Hotels PortHarcourt.

6. Financial Instruments and Risk Management

6.1 Capital risk management

The Group's objective when managing capital (which includes share capital, retained earnings, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Group’s policy is to keep the gearing ratio between 20% and 70% and a minimum B credit rating. The Group includes within net debt, interest bearing loans and borrowings, less cash and bank balances.

In order to achieve this overall objective, the Group’s capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

	Group		Company	
	2021	2020	2021	2020
	₦ '000	₦ '000	₦ '000	₦ '000
Borrowings (Note 22)	23,701,890	20,972,834	23,701,890	20,972,834
Less: **cash and bank balance** (Note 26)	(4,965,458)	(1,818,257)	(4,765,806)	(1,776,138)
Net debt	**18,736,432**	**19,154,577**	**18,936,084**	**19,196,696**
Total capital: Equity	62,220,225	61,102,909	62,017,609	61,443,234
Capital and net debt	**80,956,657**	**80,257,486**	**80,953,693**	**80,639,930**
Gearing ratio	30%	31%	31%	31%

6.2. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:
• Market risk (currency risk, interest rate risk and price risk);
• Credit risk; and
• Liquidity risk;
These risks contribute to the key financial risk that the proceeds from the Group's financial assets are insufficient to fund the obligations arising from insurance policy contracts.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

6.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, exchange rates and other price risk such as equity and commodity price risks. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign Currency risk

The Group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Group deals primarily are US Dollars, GB Pounds and Euros.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting year.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	'000	*'000*	*'000*	*'000*
Cash and short term deposits				
a) USD	5,762	479	5,741	402
b) GBP	33	44	33	44
c) Euro	3	2	3	2
Trade and other payables				
a) USD	1,875	765	1,875	765
Interest bearing loans and borrowings				
a) USD	-	8,589	-	8,589

Foreign Currency Sensitivity Analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the prior reporting year.

Group	2021	2021	2020	2020
Increase or Decrease in Rate	Increase	Decrease	Increase	Decrease
US Dollars 5% (2020:5%)	83,415	(83,415)	(166,542)	166,542
Euro 5% (2020:5%)	67	(67)	44	(44)
GB Pounds (2020:5%)	832	(832)	1,149	(1,149)
	84,314	(84,314)	(165,349)	165,349

Company	2021	2021	2020	2020
Increase or Decrease in Rate	Increase	Decrease	Increase	Decrease
US Dollars 5% (2020:5%)	82,867	(82,867)	(166,542)	166,542
Euro 5% (2020:5%)	67	(67)	44	(44)
GB Pounds (2020:5%)	832	(832)	1,149	(1,149)
	83,765	(83,765)	(165,349)	165,349

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates is being reduced since the Group's long-term debt obligations are fixed interest rates.

Price risk
The Group is not exposed to commodity price risk.

There have been no significant changes in the price risk management policies and processes since the prior reporting year.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Risk management

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

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

The maximum exposure to credit risk is presented in the table below:

Group	2021			2020		
	Gross Carrying Amount	Credit Loss Allowance	Amortised Cost/Fair Value	Gross Carrying Amount	Credit Loss Allowance	Amortised Cost/Fair Value
Trade and other receivables	2,693,313	(56,711)	2,636,602	1,664,709	(73,681)	1,591,028
Cash and bank balances	4,965,458	-	4,965,458	1,818,257	-	1,818,257
	7,658,771	(56,711)	7,602,060	3,482,966	(73,681)	3,409,285

Company	2021			2020		
	Gross Carrying Amount	Credit Loss Allowance	Amortised Cost/Fair Value	Gross Carrying Amount	Credit Loss Allowance	Amortised Cost/Fair Value
Trade and other receivables	2,955,082	(28,952)	2,926,130	1,742,232	(51,899)	1,690,333
Cash and bank balances	4,765,806	-	4,765,806	4,765,806	-	4,765,806
	7,720,888	(28,952)	7,691,936	6,508,038	(51,899)	6,456,139

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

(ii) Security
No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. However, some guests are required to provide security deposits for credit transactions while others are granted credit on the strength of their credibility and past performances. In the case of default, unpaid balances are set off against security deposit while others are referred to debt collection agents.

(iii) Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 24. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

6.2. Financial Risk Management continued

(iii) Impairment of Trade Receivables - continued

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Trade receivables - Group

	Days past due						
	Current	**<30 days**	**30–60 days**	**61–90 days**	**>91 days**	**>90 days (fully depreciated)**	**Total**
31-Dec-21	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Expected credit loss rate	1.69%	2.47%	5.34%	7.18%	4.55%	100.00%	
Estimated total gross carrying amount at default	372,075	275,671	85,023	99,648	139,133	25,615	997,166
Expected credit loss	6,277	6,802	4,538	7,150	6,330	25,615	56,711
	Current	**<30 days**	**30–60 days**	**61–90 days**	**>91 days**	**>90 days (fully depreciated)**	**Total**
31-Dec-20						**₦'000**	
Expected credit loss rate	6.62%	7.21%	6.17%	5.83%	2.51%	-	
Estimated total gross carrying amount at default	234,222	212,908	95,184	134,581	241,560	-	918,455
Expected credit loss	15,877	14,540	5,883	7,855	29,447	-	73,602

Trade receivables - Company

	Days past due					
	Current	**<30 days**	**30–60 days**	**61–90 days**	**>91 days**	**Total**
31-Dec-21	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Expected credit loss rate	1.68%	2.43%	5.61%	7.07%	5.21%	
Estimated total gross carrying amount at default	370,929	265,271	74,623	100,035	96,143	907,002
Expected credit loss	6,235	6,447	4,184	7,075	5,013	28,952
	Current	**<30 days**	**30–60 days**	**61–90 days**	**>91 days**	**Total**
31-Dec-20						
Expected credit loss rate	6.62%	7.21%	6.17%	5.83%	2.51%	
Estimated total gross carrying amount at default	234,222	195,590	88,124	132,372	195,960	846,268
Expected credit loss	15,877	14,105	5,439	7,718	5,506	48,645

Reconciliation of Loss Allowances

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	₦'000	*₦'000*	*₦'000*	*₦'000*
As at 1 January	73,602	126,940	48,645	104,377
Provisions reversed	(20,224)	(53,199)	(22,947)	(55,732)
Write-off	3,333	(139)	3,254	-
As at 31 December	56,711	73,602	28,952	48,645

6.2. Financial risk management continued

(iv) Impairment of other financial assets

Expected credit loss measurement - other financial assets

The Group applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.15.1 Significant accounting policies. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group’s base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2020 and 31 December 2021.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for “Subsequent years” represent a long-term average and so are the same for each scenario.

6.2. Financial risk management continued

(iv) Impairment of other financial assets - continued

Group and Company - 31 December, 2021

Key drivers	ECL Scenario	Assigned probabilities	2022	2023	2024
Crude Oil Price (USD)					
	Upturn	50%	55.61	57.07	57.07
	Base	50%	42.44	54.96	54.96
	Downturn	-%	51.18	52.64	52.64
Unemployment rate %					
	Upturn	10%	0.26	0.26	0.26
	Base	80%	0.34	0.34	0.34
	Downturn	10%	0.36	0.36	0.36
Inflation rate %					
	Upturn	-%	0.11	0.11	0.11
	Base	83%	0.12	0.12	0.12
	Downturn	17%	0.12	0.12	0.12

Group and Company - 31 December, 2020

Key drivers	ECL Scenario	Assigned probabilities	2021	2022	2023
Oil Price (USD)					
	Upturn	50%	55.61	57.07	57.07
	Base	50%	42.44	54.96	54.96
	Downturn	-%	51.18	52.64	52.64
Unemployment rate %					
	Upturn	10%	0.26	0.26	0.26
	Base	80%	0.34	0.34	0.34
	Downturn	10%	0.36	0.36	0.36
Inflation rate %					
	Upturn	-%	0.11	0.11	0.11
	Base	83%	0.12	0.12	0.12
	Downturn	17%	0.12	0.12	0.12

6.2. Financial risk management continued

Excessive risk concentration

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due as a result of obligations, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the consolidated balance sheet and sales of assets, or potentially an inability to fulfil obligations and commitments.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

6.2. Financial risk management continued

Liquidity Risk - continued

This is generally carried out at each of the respective companies of the Group in accordance with practice and limits set by the Group. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group

Year ended 31 December 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Borrowings (Note 22)	198,374	396,748	6,657,803	7,917,833	8,531,132	23,701,890
Trade and other payables (Note 31)	-	17,606,939	-	-	-	17,606,939
	198,374	**18,003,687**	**6,657,803**	**7,917,833**	**8,531,132**	**41,308,829**

Year ended 31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Borrowings (Note 22)	92,760	245,811	7,481,925	12,744,007	408,331	20,972,834
Trade and other payables (Note 31)	-	19,743,723	-	-	-	19,743,723
	92,760	**19,989,534**	**7,481,925**	**12,744,007**	**408,331**	**40,716,557**

Company

Year ended 31 December 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Borrowings (Note 22)	198,374	396,748	6,657,803	7,917,833	8,531,132	23,701,890
Trade and other payables (Note 31)	-	17,291,083	-	-	-	17,291,083
	198,374	**17,687,831**	**6,657,803**	**7,917,833**	**8,531,132**	**40,992,973**

Year ended 31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000	₦ '000
Borrowings (Note 22)	92,760	245,811	7,481,925	12,744,007	408,331	20,972,834
Trade and other payables (Note 31)	-	19,450,017	-	-	-	19,450,017
	92,760	**19,695,828**	**7,481,925**	**12,744,007**	**408,331**	**40,422,851**

Security deposit has been deducted from Trade and other payables in this assessment because they are advance from customers

7. Fair value information

Accounting classification and Fair value measurements

The table below summarises the carrying amounts and fair values of the financial assets and liabilities.

Fair value measurement hierarchy for liabilities and assets as at 31 December 2021 and 2020:

Group		**Carrying Amount**				**Fair Value**				
31 December 2021 Amounts in (N'000)	Note	**Fair Value - Through PorL**	**Financial Assets Measured at Amortised Cost**	**Fair Value - Through OCI**	**Total**	**Amortized Cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets Measured at Fair Value		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Financial Assets not Measured at Fair Value										
Trade and other receivables	24.	-	940,455	-	940,455	940,455	-	-	-	940,455
Cash and bank balances	26.	-	4,965,458	-	4,965,458	4,965,458	-	-	-	4,965,458
		-	5,905,913	-	5,905,913	5,905,913	-	-	-	5,905,913
Financial Liabilities not Measured at Fair Value										
Borrowings	22.	-	23,701,890	-	23,701,890	23,701,890	-	-	-	23,701,890
Trade and other payables (excluding security deposits)	31.	-	17,432,747	-	17,432,747	17,432,747	-	-	-	17,432,747
		-	41,134,637	-	41,134,637	41,134,637	-	-	-	41,134,637

Group										
31 December 2020 Amounts in (N'000)										
Financial Assets Measured at Fair Value		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Financial Assets not Measured at Fair Value										
Trade and other receivables	24.	-	844,864	-	844,864	844,864	-	-	-	844,864
Cash and bank balances	26.	-	1,818,257	-	1,818,257	1,818,257	-	-	-	1,818,257
		-	2,663,121	-	2,663,121	2,663,121	-	-	-	2,663,121
Financial Liabilities not Measured at Fair Value										
Borrowings	22.		20,972,834	-	20,972,834	20,972,834	-	-	-	20,972,834
Trade and other payables (excluding security deposits)	31.		19,591,690	-	19,591,690	19,591,690	-	-	-	19,591,690
		-	40,564,524	-	40,564,524	40,564,524	-	-	-	40,564,524

Company

31 December 2021 Amounts in (N'000)	Note	Fair Value - Through PorL	Financial Assets Measured at Amortised Cost	Fair Value - Through OCI	Total	Amortized Cost	Level 1	Level 2	Level 3	Total
Non-Financial Assets Measured at Fair Value										
Investment Property	19.	1,695,000	-	-	1,695,000	-	-	1,695,000	-	1,695,000
		1,695,000	-	-	1,695,000	-	-	1,695,000	-	1,695,000
Financial Assets not Measured at Fair Value										
Trade and other receivables	24.	-	1,372,419	-	1,372,419	1,372,419	-	-	-	1,372,419
Cash and bank balances	26.	-	4,765,806	-	4,765,806	4,765,806	-	-	-	4,765,806
Long term receivables	35.1	-	6,753,736	-	6,753,736	6,753,736	-	-	-	6,753,736
		-	12,891,961	-	12,891,961	12,891,961	-	-	-	12,891,961
Financial Liabilities not Measured at Fair Value										
Borrowings	22.	-	23,701,890	-	23,701,890	23,701,890	-	-	-	23,701,890
Trade and other payables (excluding security deposits)	31.	-	17,116,891	-	17,116,891	17,116,891	-	-	-	17,116,891
		-	40,818,781	-	40,818,781	40,818,781	-	-	-	40,818,781

Company

31 December 2020 **Amounts in (N'000)**										
Non-Financial Assets Measured at Fair Value										
Investment Property	19.	2,312,000	-	-	2,312,000	-	-	2,312,000	-	-
		2,312,000	-	-	2,312,000	-	-	2,312,000	-	-
Financial Assets not Measured at Fair Value										
Trade and other receivables	24.	-	983,823	-	983,823	983,823	-	-	-	983,823
Cash and bank balances	26.	-	1,776,138	-	1,776,138	1,776,138	-	-	-	1,776,138
Long term receivables	35.1	-	6,671,327	-	6,671,327	6,671,327	-	-	-	6,671,327
		-	9,431,288	-	9,431,288	9,431,288	-	-	-	9,431,288
Financial Liabilities not Measured at Fair Value										
Borrowings	22.	-	20,972,834	-	20,972,834	20,972,834	-	-	-	20,972,834
Trade and other payables (excluding security deposits)	31.	-	19,297,984	-	19,297,984	19,297,984	-	-	-	19,297,984
		-	40,270,818	-	40,270,818	40,270,818	-	-	-	40,270,818

7. Fair value information (continued)

Fair value hierarchy
The table above analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. All level 2 valuation were derived using either the net present value and discounted cash flow models or comparison with similar instruments for which market observable prices exist.
Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers from Level 1 to Level 2 or between level 2 or level 3 of the fair value hierarchy during the year.

Valuation processes applied by the Group

The following fair valuation methods and assumptions were used:

- **Cash & cash equivalents**: represents cash held in various bank accounts at the end of the year. The fair value of this amount is the carrying amount.
- **Trade and Other receivables:** represent amount due from third parties and other related parties which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount.
- **Investment property** represents landed assets in PortHarcourt owned 100% by the Group and is revalued annually by expert estate valuers using level 2 inputs. The carrying amount is the fair value of the assets.
- **Trade payable:** represent amount payable to vendors and other creditors which have a short recycle period and as such the fair values of these balances approximate their carrying amount.
- **Borrowings** represents loans from third party institutions at market interest rates which have varying tenors in line with each loan agreement. The fair values of these balances are their carrying amount.
- **Other liabilities:** are amounts outstanding and are payable within a period of one year. Amount outstanding are assumed to approximate their respective fair values.

8. Interests in Subsidiaries including Consolidated Structure Entities

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name	Principal activities	Country of incorporation	% equity interest 2021	% equity interest 2020
Transcorp Hotels Calabar Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Port Harcourt Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Ikoyi Limited	Hospitality	Nigeria	58	58
Aura by Transcorp Hotels Limited	Hospitality	Nigeria	60	-

Investment in subsidiaries

Name	2021 ₦ '000	2020 ₦ '000
Transcorp Hotels Calabar Limited	3,508,621	3,508,621
Transcorp Hotels Port Harcourt Limited	20,000	20,000
Transcorp Hotels Ikoyi Limited	1,160	1,160
Aura by Transcorp Hotels Limited	60	-
	3,529,841	**3,529,781**

The Holding Company

The immediate and ultimate holding company of Transcorp Hotels Plc is Transnational Corporation of Nigeria Plc which is based and listed in Nigeria.

Entity with significant influence over the Group

Ministry of Finance Incorporated owns 11.04% of the ordinary shares of Transcorp Hotels Plc (2020: 11.04%).

Non-controlling interest

- Heirs Holdings Ltd owns 42% of the ordinary shares of Transcorp Hotels Ikoyi Limited (2020: 42%).
- Transnational Corporation of Nigeria and Heirs Holdings Ltd own 20% each of the ordinary shares of Aura by Transcorp Hotels Ltd (2020:nill)

Condensed result of subsidiaries

Transcorp Hotels Calabar Limited

The statement of profit or loss and other comprehensive income:	2021 ₦ '000	2020 ₦ '000
Revenue from contract with customers	858,369	504,881
Cost of sales	(300,451)	(213,575)
Gross profit	**557,918**	**291,306**
Other operating income	7,519	(1,096)
Administrative expenses	(557,651)	(478,355)
Operating Profit/(loss)	**7,786**	**(188,145)**
Finance income	(3,332)	265
Profit/(Loss) before tax	**4,454**	**(187,880)**
Income tax expense	(7,947)	52,745
Loss for the year	**(3,493)**	**(135,135)**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2021

Condensed result of subsidiaries - Continued

Transcorp Hotels Calabar Limited

The statement of financial position:	2021 ₦ '000	2020 ₦ '000
Assets:		
Property, plant and equipment	1,586,184	1,646,080
Intangible assets	607	275
Deferred tax assets	132,556	132,720
Current assets	455,219	184,591
Total assets	**2,174,566**	**1,963,666**
Equity and liabilities:		
Issued capital	7,690	7,690
Share premium	1,342,310	1,342,310
Retained earnings	82,783	86,276
Total equity	**1,432,783**	**1,436,276**
Current liabilities	741,782	527,390
Total equity and liabilities	**2,174,565**	**1,963,666**

Aura by Transcorp Hotels Limited

The statement of profit or loss and other comprehensive income:	2021 ₦ '000	2020 ₦ '000
Revenue from contract with customers	**546**	-
Other income	89	-
Administrative expenses	(70,008)	-
Loss before tax	**(69,374)**	**-**
Income tax expense	-	-
Loss for the year	**(69,374)**	**-**

Aura by Transcorp Hotels Limited

The statement of financial position:	2021 ₦ '000	2020 ₦ '000
Assets:		
Property, plant and equipment	3,814	-
Intangible assets	20,532	-
Current assets	14,293	-
Total assets	**38,639**	**-**
Equity and liabilities:		
Issued capital	100	-
Share premium	-	-
Retained earnings	(69,374)	-
Total equity	**(69,274)**	**-**
Current liabilities	107,913	-
Total equity and liabilities	**38,639**	**-**

transcorp Hotels

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2021

Condensed result of subsidiaries - Continued

Transcorp Hotels Port Harcourt Limited

The statement of profit or loss and other comprehensive income:	2021 ₦ '000	2020 ₦ '000
Revenue from contract with customers	-	-
Cost of sales	-	-
Gross profit	**-**	**-**
Administrative expenses	(3,905)	(8,434)
Loss before tax	**(3,905)**	**(8,434)**
Income tax expense	-	-
Loss for the year	**(3,905)**	**(8,434)**

Transcorp Hotels Port Harcourt Limited
The statement of financial position:

	2021	2020
Assets:		
Property, plant and equipment	640,343	640,343
Current assets	-	-
Total assets	**640,343**	**640,343**
Equity and liabilities:		
Issued capital	10,000	10,000
Share premium	10,000	10,000
Revenue reserve	(40,449)	(36,544)
Total equity	**(20,449)**	**(16,544)**
Non-current liabilities	620,171	620,171
Current liabilities	40,622	36,716
Total equity and liabilities	**640,343**	**640,343**

Transcorp Hotels Ikoyi Limited

The statement of profit or loss and other comprehensive income:	2021 ₦ '000	2020 ₦ '000
Revenue from contract with customers	-	-
Cost of sales	-	-
Gross profit	**-**	**-**
Other Income	**12,000**	12,000
Administrative expenses	(9,285)	(9,489)
Loss before tax	**2,715**	**2,511**
Income tax expense	-	-
Loss for the year	**2,715**	**2,511**

Transcorp Hotels Ikoyi Limited
The statement of financial position:

	2021	2020
Assets:		
Property, plant and equipment	8,421,631	8,421,631
Current assets	2,980	2,000
Total assets	**8,424,611**	**8,423,631**
Equity and liabilities:		
Issued capital	2,000	2,000
Revenue reserve	(15,682)	(16,717)
Total equity	**(13,682)**	**(14,717)**
Non-current liabilities	6,940,120	6,940,120
Current liabilities	1,498,172	1,498,228
Total equity and liabilities	**8,424,611**	**8,423,631**

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
9. Revenue				
Rooms	14,085,653	6,631,828	13,624,603	6,359,665
Food and beverages	6,469,842	2,578,239	6,124,282	2,364,604
Service Charge	108,153	83,662	823,269	77,753
Shop Rental	823,269	693,794	98,259	693,794
Accomodation and experiences	546	-	-	-
Recreation Service	142,548	84,996	142,548	84,996
Secretarial Service	38,379	29,147	38,379	29,147
Other operating revenue	73,802	56,488	31,937	37,405
	21,742,192	10,158,154	20,883,277	9,647,364

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
10. Cost of sales				
Rooms	1,834,155	1,963,497	1,797,380	1,940,445
Food and beverages	3,495,250	1,327,895	3,285,606	1,207,572
Other operating costs	183,294	198,082	129,262	127,884
Total cost of sales	5,512,699	3,489,474	5,212,248	3,275,900

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
11. Other operating income/(loss)				
Net gain on disposal of property, plant and equipment	25,459	2,815	25,459	2,815
Change in fair value of investment properties (Note 19)	-	-	(617,000)	3,000
Key money (Note 30.2)	152,825	157,970	152,825	157,970
Deferred income (Note 29)	273,168	253,488	273,168	253,488
Net foreign exchange loss	(345,952)	(390,145)	(356,194)	(391,582)
Reversal of Provision	-	7,041	-	7,041
Discount received on loan repayment *	735,000	-	735,000	-
Other operating income	68,883	139,802	56,795	127,802
Total net other operating income	909,383	170,971	270,053	160,534

* During the year, the $5mn loan from Hilton Worldwide was repaid at a discount of 35% granted to us in favor of our request precipitated by the losses incurred during the COVID-19 pandemic and the depreciated forex situation at the time of repayment. The Naira equivalent of this discount is N735mn and was recognized as other operating income for the year.

12. Finance costs/ income

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
12.1 Finance costs				
Interest on debts and borrowings	4,072,562	4,851,752	4,072,562	4,851,752
Net loss on remeasurement of foreign currency balances	-	454,587	-	454,587
Total finance costs	4,072,562	5,306,339	4,072,562	5,306,339

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦'000	₦'000	₦'000	₦'000
12.2 Finance income				
Interest on bank deposits	4,299	6,213	7,630	5,949
Total finance income	**4,299**	**6,213**	**7,630**	**5,949**

13. Movement in credit loss allowances

	Group		Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Trade receivables - Note 6.2(iii)	(20,224)	(80,268)	(22,947)	(78,144)
Receivables from related parties - Note 6.2 (iii)	-	27,069	-	22,412
	(20,224)	(53,199)	(22,947)	(55,732)

14. Administrative expenses

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦'000	₦'000	₦'000	₦'000
Advertising	505,500	273,410	495,980	270,931
Amortisation (Note 20)	24,971	24,593	22,887	24,181
Auditors remuneration	47,891	37,680	29,960	23,600
Bank charges	275,815	171,770	269,660	166,009
Consulting and professional fees	292,946	94,841	284,817	87,067
Depreciation (Note 18)	2,525,474	2,575,422	2,427,904	2,461,768
Directors' remuneration	207,863	224,640	195,143	224,640
Donations	3,786	1,426	3,482	1,319
Employee costs (Note 15)	1,674,221	1,359,266	1,462,513	1,227,525
Energy cost	1,675,327	967,453	1,511,383	850,004
Group services and benefits	417,666	192,947	417,666	192,947
Insurance	413,533	418,652	405,808	413,319
IT expenses	157,994	121,450	142,655	118,333
Licences, fees and rates	129,212	61,809	127,252	59,517
Management fees *	1,480,111	518,773	1,480,111	518,773
Medical expenses	93,671	296,429	93,671	296,429
Other expenses	284,661	251,800	265,745	217,584
Printing and Stationery	42,242	9,524	42,234	9,524
Repairs and maintenance	960,311	559,246	901,723	518,825
Security	89,807	54,465	87,038	38,403
Travel, logistics and accommodation	125,224	73,331	119,743	71,951
Total administrative expenses	**11,428,226**	**8,288,927**	**10,787,375**	**7,792,649**

*Management fees are made up of management fee payable to Hilton International at 1.5% of revenue, incentive fee based on an accelerated rate schedule applied on gross operating profit. These fees are specified in the executed management agreement between Transcorp Hotels Plc and Hilton International for the provision of Hotel Management and other related services to the Company.

15. Employee cost

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
Direct Employee Costs				
Wages and salaries	1,486,382	1,305,533	1,432,351	1,235,334
Pension costs	50,229	119,094	43,730	119,094
	1,536,611	**1,424,627**	**1,476,081**	**1,354,428**

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
Indirect Employee Costs				
Wages and salaries	1,611,651	1,343,680	1,401,567	1,211,939
Pension costs	62,570	15,586	60,946	15,586
	1,674,221	**1,359,266**	**1,462,513**	**1,227,525**
Termination/Retirement Benefit	-	2,238,174	-	2,238,174
Total employee benefits expense	**3,210,833**	**5,022,067**	**2,938,594**	**4,820,127**

Termination/ Retirement Benefit: In 2020, following the completion of the restructuring exercise for Transcorp Hilton's workforce and the renegotiation of the Collective Bargaining Agreement (CBA), it necessitated the provision of the retirement benefits for the remaining staff alongside the termination benefit cost paid to the exited staff.

	Group		Company	
Average number of persons employed during the year	**2021**	**2020**	**2021**	**2020**
Staff numbers per grade	Number	Number	Number	Number
Managerial	28	30	20	29
Senior staff	139	121	117	101
Others	831	617	792	530
	998	768	929	660
N360,000- N500,000	10	107	6	35
N500,001-N1,000,000	441	131	407	108
N1,000,001-N2,000,000	46	382	27	374
N2,000,001-N4,000,000	373	119	368	114
N4,000,001- N5,000,000	71	8	71	8
Above N5,000,000	57	21	50	21
	998	768	929	660

15.1 Compensation of Managers

Salaries and other short-term employee benefits	217,845	274,931	177,170	250,131
Defined contributions	13,318	15,738	12,228	15,130
	231,163	290,669	189,398	265,261

Managers excludes Directors (Executive and Non-Executive). The compensation paid or payable to Managers for services is as shown above.

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

Below N10,000,000	11	24	9	23
Above N10,000,000	14	6	13	6
	25	30	22	29

16. Income Tax

The major components of income tax expense for the year s ended 31 December 2021 and 2020 are:

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
Current Income Tax:				
Current Income/Minimum Tax Charge	59,795	26,208	54,625	24,945
Capital Gain Tax	-	197	-	197
Tertiary Education Tax Charge	109,780	-	107,165	-
	169,575	26,405	161,790	25,142
Deferred tax:				
Originating and reversing temporary differences	375,720	(2,691,174)	375,557	(2,637,166)
Tax expense in the statement of profit or loss	**545,295**	**(2,664,769)**	**537,347**	**(2,612,024)**

Reconciliation of tax expense

	Group		Company	
	2021	2020	2021	2020
	₦ '000	₦ '000	₦ '000	₦ '000
Accounting profit/(loss) before income tax	1,662,611	(8,940,287)	1,111,722	(8,743,483)
At Nigeria's statutory income tax rate of 30% (2020: 30%)	498,783	(2,682,086)	333,517	(2,623,045)
Tax effect of adjustments on taxable income				
Capital Gain Tax	-	197	-	197
Deferred education tax	109,780	(7,467)	107,165	(7,416)
Non-deductible expenses	72,207	5,257	42,314	2,850
Non- allowable income	(13,546)	(8,152)	(13,546)	(8,152)
Others (tax effect of the net of depreciation, loss relief, balancing charge etc)	(181,724)	1,267	(171,829)	(510)
Fair value adjustment	-	-	185,100	(900)
Minimum tax	59,795	26,215	54,625	24,952
	545,295	**(2,664,769)**	**537,347**	**(2,612,024)**

Current tax payable				
As of 1 January	306,112	728,457	302,210	706,532
Income tax expense during the year	169,575	26,405	161,790	25,142
Payment during the year	(309,187)	(448,750)	(302,210)	(429,464)
As of 31 December	**166,500**	**306,112**	**161,790**	**302,210**

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 (as amended) and the Education Tax Act, CAP E4, LFN 2004 (as amended).

16.1 Deferred tax

Deferred tax relates to the following:

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦'000	₦'000	₦'000	₦'000
Deferred tax asset	(132,556)	(132,719)		-
Deferred tax liability	4,841,445	4,466,066	4,841,445	4,466,066
Total Net Deferred Tax Liability	**4,708,889**	**4,333,347**	**4,841,445**	**4,466,066**

The deferred tax asset and deferred tax liability relate to Transcorp Hotels Calabar and Transcorp Hotels Abuja respectively.

Deferred tax relates to the following:	Group			
	Statement of financial position		Statement of profit or loss	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	5,214,051	6,437,989	(1,223,938)	(782,792)
Investment Property	-	-	-	-
Expected credit losses on debt financial assets	(17,029)	4,796	(21,825)	34,425
Exchange difference	(1,782)	(184)	(1,598)	(147,456)
Unused tax losses	(486,351)	(2,109,254)	1,623,081	(1,795,351)
Deferred tax expense/(benefit)			**375,720**	**(2,691,174)**
Net deferred tax liabilities	**4,708,889**	**4,333,347**		

Deferred tax relates to the following:	Company			
	Statement of financial position		Statement of profit or loss	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	2,436,235	3,154,443	(718,208)	(748,696)
Investment Property	2,902,162	3,087,263	(185,101)	-
Expected credit losses on debt financial assets	(9,409)	794	(10,203)	35,236
Exchange difference	(1,192)	(184)	(1,008)	(147,456)
Unused tax losses	(486,351)	(1,776,250)	1,290,077	(1,776,250)
Deferred tax expense/(benefit)			**375,557**	**(2,637,166)**
Net deferred tax liabilities	**4,841,445**	**4,466,066**		

17. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit/loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year .

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	₦ '000	₦ '000	₦ '000	₦ '000
Profit/(loss) attributable to ordinary equity holders of the parent for basic earnings	**1,143,925**	**(6,270,663)**	**574,375**	**(6,131,459)**
	Thousands	**Thousands**	**Thousands**	**Thousands**
Weighted number of shares at the end of the year	10,242,528	8,191,290	10,242,528	8,191,290
Basic Earnings per share (Kobo)	11	(77)	6	(75)
Diluted Earnings per share (Kobo)	11	(77)	6	(75)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

18. Property, plant and equipment

Group

	Freehold Land	Leasehold Building	Plant & Machinery	Computer & Office Equipment	Motor Vehicle	Capital work in progress	Total
	₦'000	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Cost							
1-January-2020	**37,271,552**	**48,342,084**	**5,536,924**	**17,685,637**	**543,195**	**7,681,441**	**117,060,833**
Additions	-	1,905	360,072	262,521	60,900	1,001,375	1,686,773
Reclassification/disposal	-	2,101,185	42,089	(1,222)	-	(2,143,274)	(1,222)
31-December-2020	**37,271,552**	**50,445,174**	**5,939,085**	**17,946,936**	**604,095**	**6,539,542**	**118,746,384**
Additions	-	132,875	120,139	333,084		212,172	798,270
Disposal	-	-	-	-	(105,227)	-	(105,227)
31-December-2021	**37,271,552**	**50,578,049**	**6,059,224**	**18,280,020**	**498,868**	**6,751,714**	**119,439,427**
Accumulated depreciation and impairment losses							
1 January 2020	**-**	**3,657,456**	**2,885,855**	**3,463,688**	**457,718**	**-**	**10,464,717**
Depreciation for the year	-	1,062,241	295,028	1,187,453	30,700	-	2,575,422
Disposals	-	-	-	(848)	-	-	(848)
31-December-2020	**-**	**4,719,697**	**3,180,883**	**4,650,293**	**488,418**	**-**	**13,039,291**
Depreciation for the year	-	1,086,470	258,941	1,143,134	36,929	-	2,525,474
Disposals	-				(105,227)	-	(105,227)
31-December-2021	**-**	**5,806,167**	**3,439,824**	**5,793,427**	**420,120**	**-**	**15,459,538**
Net book value							
At 31 December 2021	**37,271,552**	**44,771,882**	**2,619,400**	**12,486,593**	**78,748**	**6,751,714**	**103,979,889**
At 31 December 2020	**37,271,552**	**45,725,477**	**2,758,202**	**13,296,643**	**115,677**	**6,539,542**	**105,707,093**

The gross carrying amount of the fully depreciated property, plant and equipment that is still in use by the Group as at reporting date is N3.9 billion

In line with IAS 40 (Investment Property), the investment properties occupied by Transcorp Hotels Port Harcourt Limited (subsidiary of the Group) has been reclassified to property, plant and equipment upon consolidation.

18. Property, plant and equipment continued

Company

	Freehold Land	Leasehold Building	Plant & Machinery	Computer & Office Equipment	Motor Vehicle	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost							
1-January-2020	30,872,625	47,111,268	4,771,605	17,306,533	528,880	2,535,274	103,126,185
Additions	-	1,582	343,554	255,883	60,900	1,001,375	1,663,294
Reclassification/Disposal	-	2,101,185	42,089	(1,222)		(2,143,274)	(1,222)
31-December-2020	30,872,625	49,214,035	5,157,248	17,561,194	589,780	1,393,375	104,788,257
Additions	-	122,359	185,653	301,366	-	59,387	668,765
Disposal	-	-	-	-	(105,226)	-	(105,226)
31-December-2021	30,872,625	49,336,394	5,342,901	17,862,560	484,554	1,452,762	105,351,796
Accumulated depreciation and impairment losses							
1 January 2020	-	3,362,401	2,458,613	3,124,902	448,581	-	9,394,497
Depreciation for the year	-	1,018,841	242,402	1,170,125	30,400	-	2,461,768
Disposals	-	-	-	(848)	-	-	(848)
31-December-2020	-	4,381,242	2,701,015	4,294,179	478,981	-	11,855,417
Depreciation for the year	-	1,039,709	221,315	1,135,321	31,559	-	2,427,904
Disposals	-	-	-	-	(105,226)	-	(105,226)
31-December-2021	-	5,420,951	2,922,330	5,429,500	405,314	-	14,178,095
Net book value							
At 31 December 2021	30,872,625	43,915,443	2,420,571	12,433,060	79,240	1,452,762	91,173,701
At 31 December 2020	30,872,625	44,832,793	2,456,233	13,267,015	110,799	1,393,375	92,932,840

Property, plant and equipment encumbered as security
As at 31 December 2021, there is negative pledge over the Group's property, plant and equipment and floating assets, given in relation to the Group's borrowings.

Impairment and reversal of impairment
No impairment loss nor reversal was recognised in the current year (2020: Nil).

Capital commitment
At 31 December 2021, the company had no capital commitments for the acquisition of property, plant and equipment (2020: Nil).

Capital work in progress
Capital work in progress comprises mainly building under construction that are not yet in location or condition for use during the year.

19. Investment property

	Group		Company	
	2021	2020	2021	2020
	₦ '000	₦ '000	₦ '000	₦ '000
Opening balance at 1 January	-	-	2,312,000	2,309,000
Additions (subsequent expenditure)	-	-	-	-
Net (loss)/gain from fair value remeasurement	-	-	(617,000)	3,000
Closing balance at 31 December	**-**	**-**	**1,695,000**	**2,312,000**

Details of Property

Investment properties relate to the 2,409.51 square metres of land at Ikegwere street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria and 10,141.27 square metres of bare land at Evo Road,GRA Phase II, Port Harcourt, Rivers State.

As at 31 December 2021 and 2020, the fair values of the properties are based on valuations performed by Mr. Chukwudi Ubosi with FRC/2014/NIESV/0000003997 from Ubosi Eleh & Co. Estate Surveyors & Valuers, an accredited independent valuer and a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

This investment property is occupied by Transcorp Hotels Port Harcourt Limited (a subsidiary of the Group). In line with IAS 40, this investment property has been reclassified to property plant and equipment in the consolidated financial statements.

During the year, the property did not generate rental income nor incur direct operating expenses under any lease as it is being reconstructed. (2020: nill)

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

There is no contractual obligation to purchase, construct, or develop investment property or for repairs & maintenance or enhancements.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

Fair value hierarchy disclosures for investment properties are in Note 7.

Description of valuation techniques used and key inputs to valuation of investment properties:

Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	
		2021	**2020**
Land at Ikegwere street, Port Harcourt - comparison method (refer below)	Estimated rental value per sqm per month (N)	496	704
	Rent growth p.a.	-4.78%	1.47%
	Average land value per square meter	119,000	150,538
Land at Evo Road, GRA- comparison method (refer below)	Estimated rental value per sqm per month (N)	537	770
	Rent growth p.a.	-22.70%	1.08%
	Average land value per square meter	129,000	167,742

Details of Valuation

The open market method of valuation was used to arrive at the fair value of the land. This method involved assessing the property physically, and by adopting the cost of construction used in capitalization to arrive at depreciated value after adjusting for depreciation. Also, a market research was analysed by comparing similar properties that have recently been transacted in the open market within the locality and adjusting appropriately in arriving at the value.

The land and building was fair valued in the open market using the Depreciated Replacement Cost method of valuation,this method seeks to equate the market value of a property to the value of the site plus the current cost of erecting the building(s) and other infrastructural facilities on it,including professional fees and finance costs less allowance for passage of time.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and average land value per square meter.

20. Intangible assets

	Computer Software	
	Group	Company
	₦'000	₦'000
Cost		
At 1 January 2020	283,544	272,258
Additions	12,443	12,443
At 31 December 2020	**295,987**	**284,701**
Additions	68,748	45,799
At 31 December 2021	**364,735**	**330,500**
Amortisation and impairment		
At 1 January 2020	156,566	145,967
Amortisation	24,593	24,181
At 31 December 2020	**181,159**	**170,148**
Amortisation	24,971	22,887
At 31 December 2021	**206,130**	**193,035**
Net book value		
At 31 December 2021	**158,605**	**137,465**
At 31 December 2020	**114,828**	**114,553**

Computer software consists of acquisition costs of software used in the day-to-day operations of the Group. These assets were tested for impairment and no impairment loss was recognised during the period ended 31 December 2021 (2020: Nil)

21. Goodwill

Goodwill was acquired through the business combinations of Transcorp Hotels Calabar Limited.

Carrying amount of goodwill

	Transcorp Hotels Calabar Limited	
	2021	**2020**
	₦ '000	*₦ '000*
Goodwill	1,974,756	1,974,756
Accumulated impairment	-	-
Carrying value	**1,974,756**	**1,974,756**

In assessing goodwill for impairment at 31 December 2021 and 2020, the Company compared the aggregate recoverable amount of the assets included in the CGU to its respective carrying amounts. Recoverable amount has been determined based on the fair value less costs of disposal.

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

Basis of valuation

The fair value of the assets of Transcorp Hotels Calabar Limited (THCL) has been determined based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract assuming:

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

Method of valuation

As at 31 December 2021 and 2020, the fair values of the property, plant and equipment of Transcorp Hotel Calabar Limited has been determined by Mr. Chukwudi Ubosi with FRC/2014/NIES0000003997 from Ubosi Eleh & Co. Estate Surveyors & Valuers, an accredited independent valuer.

The following factors were considered in valuing the assets of the subsidiary:
i. total economic working life of the item in question;
ii. age and remaining economic life of the item;
iii. the degree of physical deterioration and obsolescence of the item;
iv. work load to which the item is subjected;
v. current cost of the item including installation, freight and customs charges where applicable.

The Board has estimated the costs of disposal to be 5% (2020:5%) of the fair value of the assets of the subsidiary.

Analysis of values	2021	2020
	₦ '000	₦ '000
The fair value has been determined as follows:		
Market value		
Land and buildings	4,271,000	4,730,000
Items of plant and machinery	693,319	685,954
Items of office/computer equipment	90,515	73,327
Motor vehicles	8,800	15,529
Items of furniture and fittings	212,780	210,849
Intangible Assets	607	275
Current Assets	455,219	184,591
Total market value	5,732,240	5,900,525
Fair value of liabilities	(741,782)	(523,488)
Net Fair Value	4,990,458	5,377,037
Costs of disposal at 5%	(249,523)	(268,852)
	4,740,935	5,108,185
Carrying Value:		
Net asset as at 31 December	1,432,784	1,303,556
Goodwill as at 31 December	1,974,756	1,974,756
	3,407,540	3,278,312

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

Below is a sensitivity analysis to compare the recoverable value when the cost of disposal is 2% above or below the 5% used in the computation above

All amounts are in thousands of naira	2021 Increase	2021 Decrease	2020 Increase	2020 Decrease
Net Fair Value of Assets	4,990,458	4,990,458	5,377,037	5,377,037
Cost of Disposal	(349,332)	(149,714)	(376,393)	(161,311)
Recoverable Amount	4,641,125	4,840,744	5,000,644	5,215,726

22. Borrowings

	Interest rate	Maturity	Group 2021	Group 2020	Company 2021	Company 2020
	%		₦ '000	₦ '000	₦ '000	₦ '000
N2 billion bank overdraft/bank loan	11.0	30-Sep-30	1,781,225	2,056,219	1,781,225	2,056,219
Short-term loan	12.0		-	62,835	-	62,835
N10 billion 7-year bond	16.0	26-Oct-22	823,078	4,485,756	823,078	4,485,756
N12.7 billion loan	8.0	31-May-29	11,666,034	-	11,666,034	-
N10 billion loan	8.0	6-Mar-26	9,230,171	8,925,255	9,230,171	8,925,255
N5 billion loan	12.0		-	193,817	-	193,817
N200 million loan	8.0	28-Feb-21	201,382	205,335	201,382	205,335
$2 million loan	13.5	28-Feb-21	-	966,497	-	966,497
$1 million loan	10.0	31-Oct-21	-	459,950	-	459,950
N300 million loan	12.5	2-Dec-21	-	302,979	-	302,979
N1 billion loan	12.3	2-Dec-21	-	1,133,065	-	1,133,065
$5 million loan	-	14-May-26	-	2,181,126	-	2,181,126
Total interest-bearing loans and borrowings			**23,701,890**	**20,972,834**	**23,701,890**	**20,972,834**
Current			7,252,926	7,820,496	7,252,926	7,820,496
Non-current			16,448,964	13,152,338	16,448,964	13,152,338
			23,701,890	**20,972,834**	**23,701,890**	**20,972,834**

22. Borrowings continued

Bank loan

N2 billion loan with a tenor of 10 years and 12 months moratorium at an interest rate of 11% and 24 months moratorium on principal repayment. This bank loan has been fully repaid and a N2bn overdraft facility obtained from the same lender. This was secured on a negative pledge on the assets.

Short-term loan

Short-term loan represent a 90 day tenor with an average interest rate of 12%. This has been fully settled during the year.

N10 billion 7-year bond

N10 billion 7-year 16.00% fixed rate bonds. The purpose of the bond is for the upgrade and refurbishment of Transcorp Hilton Abuja. This will be fully redeemed in October 2022

N12.75 billion loan

N12 billion term loan with a tenor of 8 years and 24 months moratorium and at interest rate of 10%. The loan is secured by an arrangement by Transnational Corporation of Nigeria Plc (the Parent Company).

N10 billion loan

N10 billion term loan with a tenor of 10 years and 24 months moratorium and at interest rate of 10%. The loan is secured by an arrangement by Transnational Corporation of Nigeria Plc (the Parent Company).

N5 billion loan

N5 billion loan with a tenor of 4 years and 12 months moratorium at an interest rate of 12%. This has been fully settled during the year.

N200 million loan

N200 million short term loan with rolling 365 days tenor and interest rate of 7.5%.

$5 million loan

$5 million interest free loan from Hilton Worldwide Manage Limited with a tenor of 8 years including 2 year moratorium and repayable in equal monthly instalments. This has been fully settled during the year.

$2 million loan

$2 million short term loan with rolling 180 days tenor and interest rate of 13.5%. This has been fully settled during the year.

$1 million loan

$1 million term loan with 365 days tenor and interest rate of 10%. This has been fully settled during the year.

N1 billion loan

N1 billion term loan with 365 days tenor and interest rate of 12.25%. This has been fully settled during the year.

N300 million loan

N300 million term loan with 365 days tenor and interest rate of 12.5%. This has been fully settled during the year.

22. Borrowings continued

	Group		Company	
	2021	**2020**	**2021**	**2020**
Bond liability	*₦ '000*	*₦ '000*	*₦ '000*	*₦ '000*
As at 1 January	4,485,756	9,229,921	4,485,756	9,229,921
Interest	390,406	1,282,878	390,406	1,282,878
Principal repayments	(3,591,363)	(4,749,408)	(3,591,363)	(4,749,408)
Interest repayments	(461,722)	(1,277,635)	(461,722)	(1,277,635)
	823,078	4,485,756	823,078	4,485,756
Loan liability				
As at 1 January	16,487,078	21,104,572	16,487,078	21,104,571
Additions	11,327,329	3,298,074	11,327,329	3,298,074
Effective interest	2,428,351	2,925,505	2,428,351	2,925,505
Principal repayments	(6,283,222)	(8,837,102)	(6,283,222)	(8,837,102)
Interest repayments	(3,184,046)	(2,413,617)	(3,184,046)	(2,413,617)
Exchange Loss	322,097	409,647	322,097	409,647
	21,097,586	16,487,078	21,097,586	16,487,078
Total Interest-bearing loans and borrowings				
As at 1 January	20,972,834	30,334,492	20,972,834	30,334,492
Additions	11,327,329	3,298,074	11,327,329	3,298,074
Effective interest	2,818,757	4,208,382	2,818,757	4,208,383
Principal repayments	(9,874,585)	(13,586,510)	(9,874,585)	(13,586,510)
Interest repayments	(3,645,768)	(3,691,252)	(3,645,768)	(3,691,252)
Exchange Loss	322,097	409,647	322,097	409,647
	21,920,665	**20,972,834**	**21,920,665**	**20,972,834**
Overdraft	1,781,225	-	1,781,225	-
	23,701,890	**20,972,834**	**23,701,890**	**20,972,834**

23. Inventories

	Group		Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Food and beverage	147,476	194,732	125,596	173,567
Fuel	84,486	31,851	84,486	31,851
Engineering spares	194,121	196,262	178,313	186,417
Guest supplies	193,440	161,696	181,813	152,982
	619,523	**584,541**	**570,208**	**544,817**

The cost of inventories recognised as an expense during the year in the Group was N1.88 billion (2020: N0.85 billion). For the Company, the amount recognised was N2.08 billion (2020: N0.73 billion).

Inventory pledged as security
No inventory was pledged as security for any facilities during the year (2020: Nil).

24. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Financial Instruments:				
Trade receivables	997,166	918,455	907,002	846,268
Receivables from related parties (Note 35)	-	90	494,369	189,459
Provision for impairment on trade receivables (Note 24.1)	(56,711)	(73,681)	(28,952)	(51,899)
	940,455	**844,864**	**1,372,419**	**983,828**
Non-Financial Instruments:				
Deposits and advances	490,648	143,467	406,849	130,345
Withholding tax receivables	239,607	154,713	235,903	154,138
Other receivables	965,892	447,984	910,959	422,022
Total Trade and Other Receivables	**2,636,602**	**1,591,028**	**2,926,130**	**1,690,333**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Other receivables generally arise from transactions outside the provision of hospitality and related activities in the day to day operations of the Group. These include advances to contractors, advances to staff, etc. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. All other receivables are due and payable within one year from the end of the reporting period.

24.1 Allowance for expected credit losses

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	Group		Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
As at 1 January	73,602	126,940	48,645	104,377
Write-off	3,333	(139)	3,254	-
Provisions reversed	(20,224)	(53,199)	(22,947)	(55,732)
As at 31 December	**56,711**	**73,602**	**28,952**	**48,645**

25. Prepayments

	Group		Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Maintenance contracts	317,258	103,957	300,557	103,957
Insurance and permits	97,251	395,758	97,251	379,908
Prepaid loan processing fees (BOI loans)	470,682	249,832	470,682	249,832
Service charge advance	394,626	-	394,626	-
Other prepaid expenses	142,520	250,563	141,541	250,563
	1,422,337	**1,000,110**	**1,404,657**	**984,260**

26. Cash and bank balances

Cash on hand	12,129	12,070	11,044	11,446
Cash at banks	4,479,107	1,805,965	4,280,540	1,764,470
Short term deposit	474,222	222	474,222	222
	4,965,458	**1,818,257**	**4,765,806**	**1,776,138**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at 31st December:

	Group		Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Cash on hand and at bank	4,491,236	1,818,035	4,291,584	1,775,916
Short term deposit	474,222	222	474,222	222
	4,965,458	1,818,257	4,765,806	1,776,138
Bank overdrafts	(1,781,225)	-	(1,781,225)	-
Cash and cash equivalents	**3,184,233**	**1,818,257**	**2,984,581**	**1,776,138**

27. Share Capital

	Group		Company	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Authorised shares				
15,000,000,000 ordinary shares of 50k each	7,500,000	7,500,000	7,500,000	7,500,000
Ordinary shares issued and fully paid				
10,242,528,411 ordinary shares of 50k each	5,121,264	5,121,264	5,121,264	5,121,264
Share premium				
At 1 January	12,548,859	12,548,859	12,548,859	12,548,859
At 31 December	12,548,859	12,548,859	12,548,859	12,548,859

In 2020, the Board of Transcorp Hotels Plc decided to proceed with the right issue of 2,659,574,468 Ordinary shares of 50K each at N3.76k per share. At the conclusion of the offer, the rights issue was 99.3% subscribed. The Board of directors passed the resolution to approve the allotment of the shares on 1st December 2020. The Company received the net offer proceeds of N9,835,511,022.34 after deducting the cost of the issue which amounted to N114,797,943.03.

(a) Compliance with Free Float Requirements and Shareholding pattern as at 31 December 2021

Shareholders	Number of Ordinary Shareholders	Percentage Holdings
Transnational Corporation of Nigeria Plc	7,800,070,016	76%
Ministry of Finance Incorporated	1,131,165,000	11%
Other Shareholders	1,311,293,395	13%
Total	10,242,528,411	100%

Transcorp Hotels Plc. as at 31 December 2021 is not in full compliance with the free float requirement for the Nigerian Exchange Group. However, continued effort through good corporate governance practices, consistent engagements with the market, financial advisors and stakeholders are being undertaken to ensure that the Company is compliance within the agreed timelines.

According to the register of members as at 31 December 2021, the shareholding in the Company was as follows:

Range	No. of Holders	Holders %	Units	Unit %
1-999	430	23.67%	80,822	0.00%
1,000 - 9,999	864	47.55%	2,065,632	0.02%
10,000-99,999	414	22.78%	9,498,001	0.09%
100,000-999,999	89	4.90%	17,091,387	0.17%
1,000,000-9,999,999	12	0.66%	36,226,747	0.35%
10,000,000-99,999,999	1	0.06%	10,000,000	0.10%
100,000,000-999,999,999	5	0.28%	1,236,330,806	12.07%
Above 1,000,000,000	2	0.11%	8,931,235,016	87.20%
Total	**1,817**	**100%**	**10,242,528,411**	**100%**

28. Distributions made and proposed

	Group 2021	Group 2020	Company 2021	Company 2020
Cash dividends on ordinary shares declared:				
Dividend for 2021 at 7 kobo per share	716,977	-	716,977	-
	716,977	**-**	**716,977**	**-**

29. Deferred income

	Group 2021	Group 2020	Company 2021	Company 2020
	₦'000	₦'000	₦'000	₦'000
At 1 January	1,305,535	1,281,976	1,305,535	1,281,976
Received/adjustment during the year	1,424,170	277,047	1,424,170	277,047
Released to the statement of profit or loss	(273,168)	(253,488)	(273,168)	(253,488)
	2,456,537	1,305,535	2,456,537	1,305,535
Current	450,659	252,796	450,659	252,796
Non-current	2,005,878	1,052,739	2,005,878	1,052,739
	2,456,537	1,305,535	2,456,537	1,305,535

29.1 Net movement during the year for Cashflow Statement

	Group 2021	Group 2020	Company 2021	Company 2020
Received/adjustment during the year	1,424,170	277,047	1,424,170	277,047
Released to the statement of profit or loss	(273,168)	(253,488)	(273,168)	(253,488)
	1,151,002	23,559	1,151,002	23,559

The Company obtained a loan from Bank of Industry (BOI) to procure equipment to upgrade the hotel rooms, kitchen, public area and equip a new multi-purpose banqueting conference centre. The interest rate on the loan was below the market loan rate. The fair value and the deferred income on the loan was recognized initially on the loan drawn-down date.The deferred income was subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the loan as at the reporting date. The opening deferred income was N1.31 bilion, N1,42 billion was added from the new N12.75bn BOI loan during the year and N273 million was credited to other operating income in the statement of profit or loss for the year ended 31 December 2021.

30. Contract liabilities

	Group 2021	Group 2020	Company 2021	Company 2020
	₦'000	₦'000	₦'000	₦'000
Short-term advances for hospitality services (Note 30.1)	40,990	18,128	40,990	18,128
Key money from Hilton (Note 30.2)	2,445,200	2,598,025	2,445,200	2,598,025
	2,486,190	2,616,153	2,486,190	2,616,153
Current	152,820	170,990	152,820	170,990
Non current	2,333,370	2,445,163	2,333,370	2,445,163
	2,486,190	2,616,153	2,486,190	2,616,153

30.1 Short-term advances for hospitality services

This relates to consideration paid by customers before the Hotel transfers goods or services. Contract liabilities are recognised as revenue when the Hotel performs its obligations under the contract.

	Group		Company	
	2021	**2020**	**2021**	**2020**
Reconciliation of Short-term advances	*₦'000*	*₦'000*	*₦'000*	*₦'000*
At 1 January	18,128	32,327	18,128	32,327
Deferred during the year	40,990	18,128	40,990	18,128
Recognised as revenue during the year	(18,128)	(32,327)	(18,128)	(32,327)
At 31 December	**40,990**	**18,128**	**40,990**	**18,128**
Current	40,990	18,128	40,990	18,128

30.2 Key money from Hilton

In 2017, the managers of Transcorp Hilton Hotel Abuja, Hilton Worldwide Manage Limited contributed $10million towards the refurbishment of the hotel. The contribution is referred to as Key money. It does not attract any interest, and it is not repayable by the Company unless the contract is terminated before the end of the contract period. The Key money from Hilton International LLC will be notionally amortised over the contract period on a straight-line basis to other income. The outstanding balance of N2.45bn relates to the unamortised portion of the key money as at 31 December 2021.

	Group		Company	
	2021	**2020**	**2021**	**2020**
Reconciliation of Key money from Hilton	*₦'000*	*₦'000*	*₦'000*	*₦'000*
At 1 January	2,598,025	2,755,995	2,598,025	2,755,995
Recognised as other operating income during the year	(152,825)	(157,970)	(152,825)	(157,970)
At 31 December	**2,445,200**	**2,598,025**	**2,445,200**	**2,598,025**

31. Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Trade payables	1,606,692	1,147,636	1,564,286	1,106,786
Related parties (Note 35)	12,167,716	14,810,029	12,167,716	14,596,286
Other payables (Note 31.1)	3,832,531	3,786,058	3,559,081	3,746,945
	17,606,939	**19,743,723**	**17,291,083**	**19,450,017**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- For terms and conditions with related parties, refer to Note 35.
- For explanations on the Group's liquidity risk management processes, refer to Note 6.

31.1 Other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	₦'000	*₦'000*	*₦'000*	*₦'000*
VAT payable	184,113	165,636	111,699	108,288
Accrued liabilities	3,125,911	3,074,596	2,953,282	3,125,453
Unclaimed dividend	147,017	125,576	147,017	125,576
Security deposits from guests	174,192	152,033	174,192	152,033
WHT Payable	201,298	268,217	172,891	235,595
	3,832,531	**3,786,058**	**3,559,081**	**3,746,945**

32. Cash generated from operations

	Notes	Group		Company	
		2021	**2020**	**2021**	**2020**
Profit before tax		1,662,611	(8,940,287)	1,111,722	(8,743,483)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	18	2,525,474	2,575,422	2,427,904	2,461,768
Amortisation of intangible assets	20	24,971	24,593	22,887	24,181
Impairment allowance on financial assets	24.1	20,224	(53,199)	22,947	(55,732)
Decrease/(Increase) in fair value of investment properties	19	-	-	617,000	(3,000)
Losses on foreign exchange	11	345,952	390,145	356,194	391,582
Gain on disposal of property, plant and equipment	11	(25,459)	(2,815)	(25,459)	(2,815)
Finance income	12.2	(4,299)	(6,213)	(7,630)	(5,949)
Finance cost	12.1	4,072,562	5,306,339	4,072,562	5,306,339
Working capital adjustments:					
(Increase)/Decrease in trade and other receivables		(1,065,798)	718,675	(1,258,744)	662,988
Increase in prepayments		(422,227)	(255,024)	(420,397)	(251,415)
Increase in inventories		(34,982)	(55,766)	(25,391)	(65,528)
Decrease in contract liabilities		(129,963)	(172,169)	(129,963)	(172,169)
Increase in long term receivables		-	-	(82,409)	(6,714)
Increase in deferred income	29.1	1,151,002	23,559	1,151,002	23,559
(Decrease)/Increase in trade and other payables		(2,136,784)	9,270,136	(2,158,934)	9,240,986
		5,983,284	**8,823,396**	**5,673,291**	**8,804,598**

33. Deposit for shares

Group		Company	
2021	**2020**	**2021**	**2020**
₦'000	*₦'000*	*₦'000*	*₦'000*
2,410,000	2,410,000	-	-

Deposit for shares relates to Heirs Holdings Ltd's contribution to the development of Transcorp Hotels Ikoyi Limited (THIL). Based on the Memorandum of Understanding between Transcorp Hotels Plc and Heirs Holdings Ltd, THIL will repay or issue shares to Heirs Holdings Ltd on completion of the construction and start of operation of the hotel.

34. Commitments and contingencies

Commitments

The Directors have disclosed that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into consideration in the preparation of these financial statements. As at 2021, the Group had no commitments (2020: Nil).

Contingent Liability

The Group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that the cases/claims are remote and for this reason, no loss or cost is anticipated. Accordingly, no provision for any liability has been made in these financial statements.

35. Related party disclosures

Relationships	Entities
Holding company	Transnational corporation of Nigeria Plc
Subsidiaries	Refer to note 8
Fellow Subsidiaries:	Transcorp Power Limited
	TransAfam Power Limited
	Transcorp OPL 281 Limited

Related party balances

Group - 2021

	Sales to related parties	Interest payable to Related Parties	Amounts due from related parties	Amounts due to related parties
	₦'000	₦'000	₦'000	₦'000
Transnational Corporation of Nigeria Plc	66,927	306,467	-	5,058,564
Trans Afam Power Limited	4,526	17,847		17,847
Transcorp Power Limited	45,671	827,172	-	7,091,305
	117,124	**1,151,486**	**-**	**12,167,716**

Group - 2020

	Sales to related parties	Interest payable to Related Parties	Amounts due from related parties	Amounts due to related parties
Transnational Corporation of Nigeria Plc	5,919	299,813	-	8,019,780
Transcorp Power Limited	17,306	379,990	-	6,588,586
Transcorp OPL 281 Limited	-	-	90	-
	23,225	**679,802**	**90**	**14,608,366**

Company - 2021

	Sales to related parties	Interest payable/ (receivable)	Amounts owed by related parties	Amounts owed to related parties
	₦'000	₦'000	₦'000	₦'000
Transnational Corporation of Nigeria Plc	60,814	306,467	-	5,058,564
Trans Afam Power Limited	4,526	17,847	-	17,847
Transcorp Power Limited	45,382	827,172	-	7,091,305
Aura by Transcorp Hotels Limited	-	-	107,359	-
Transcorp Hotels Calabar Limited	-	(338)	387,011	-
	110,722	**1,151,148**	**494,369**	**12,167,716**

35. Related party disclosures - continued

Company - 2020

Transnational Corporation of Nigeria Plc	5,919	-	-	8,007,598
Transcorp Power Limited	17,306	-	-	6,588,687
Transcorp Hotels Calabar Limited	-	-	189,459	-
	23,225	**-**	**189,459**	**14,596,285**

	Group		Company	
	2021	**2020**	**2021**	**2020**
35.1 Long term receivables	*₦'000*	*₦'000*	*₦'000*	*₦'000*
At 1 January	-	-	6,671,327	6,664,613
Additions				
Transcorp Hotels Port Harcourt Limited	-	-	3,767	11,518
Transcorp Hotels Ikoyi Limited	-	-	78,642	(4,804)
	-	**-**	**6,753,736**	**6,671,327**

Terms and conditions of transactions with related parties

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

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

Management fee is payable to Transnational Corporation at the higher of 5% of Profit before tax or N350mn. Management fee charged for the year is N350mn plus VAT (2020:N350mn)

35.2 Compensation of key management personnel

	Group		Company	
	2021	**2020**	**2021**	**2020**
	₦'000	*₦'000*	*₦'000*	*₦'000*
Emoluments of directors				
Executive Compensation	93,207	123,592	80,487	123,592
Defined contributions	2,668	4,216	2,668	4,216
Fees and allowances	111,988	96,832	111,988	96,832
Total compensation paid to key management personnel	**207,863**	**224,640**	**195,143**	**224,640**
Amount paid to the highest paid director (excluding pension contributions)	62,619	57,209	62,619	57,209
Chairman's emoluments				
Fees	13,200	13,200	13,200	13,200

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	Number	Number	Number
Less than N10,000,000	8	8	8	8
Over N10,000,000	2	2	1	2

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

36 Securities Trading Policy

The Company's Code of Conduct contains the Securities Trading Policy. It prohibits employees and Directors from insider trading, dealings and stock tipping during closed periods. The Capital Market, Board and Management are regularly notified of closed periods and no insider trading was recorded during the period under review.

37 Subsequent Events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Group and Company as at 31 December 2021 that have not been adequately provided for or disclosed in these financial statements.

Impact of Coronavirus (Covid-19) Pandemic

The coronavirus-induced losses in 2020 were significantly and completely over-turned by our impressive performance in 2021. There were new waves of the pandemic during the year with the Delta variant of the virus (in May) and the Omicron variant in November. These negative developments did not deter our overall performance recorded in 2021.

Cautious optimism persists, driven primarily by mutating strains of COVID-19 and disparities in the progress of vaccinations across several countries.

The Company's Management continues to implement all precautionary strategies to ensure the safety of all guests and staff. We anticipate continuous advancement of all efforts to curb the spread of the virus, leading to a full return of business activities within the year.

CONSOLIDATED AND SEPARATE VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021
OTHER NATIONAL DISCLOSURES

	Group				Company			
	2021	**%**	**2020**	**%**	**2021**	**%**	**2020**	%
	₦ '000		*₦ '000*		*₦ '000*		*₦ '000*	
Revenue	21,742,192		10,158,154		20,883,277		9,647,364	
Other	913,682		177,184		277,683		166,483	
	22,655,874		10,335,338		21,160,960		9,813,847	
Bought in services								
- Foreign	(6,695,654)		(5,183,146)		(6,352,375)		(4,943,293)	
- Local	(4,463,769)		(3,455,431)		(4,234,917)		(3,295,528)	
Total Value added	11,496,451		1,696,761		10,573,669		1,575,026	
Applied as follows:								
Employees								
Salaries and other labour related benefits	3,210,833	28	2,783,893	164	2,938,594	28	2,581,953	164
Provider of funds								
Finance costs	4,072,562	35	5,306,339	313	4,072,562	39	5,306,339	337
Government								
Taxation	169,575	1	26,405	2	161,790	2	25,142	2
The Future								
Deferred tax	375,720		(2,691,174)	(159)	375,557	4	(2,637,166)	(167)
Depreciation and amortisation	2,550,445	22	2,546,816	150	2,450,791	23	2,430,217	154
Retained profit	1,117,316	10	(6,275,518)	(370)	574,375	5	(6,131,459)	(389)
Total Value added	11,496,451	100	1,696,761	100	10,573,669	100	1,575,026	100

Value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between employees, shareholders, goverment and that retained for the future creation of more wealth.

transcorp Hotels

CONSOLIDATED AND SEPARATE FIVE YEAR FINANCIAL SUMMARY
AS AT 31 DECEMBER 2021
OTHER NATIONAL DISCLOSURES

GROUP

STATEMENT OF FINANCIAL POSITION	2021	2020	2019	2018	2017
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Non-current assets	106,245,806	107,929,396	108,776,561	105,444,729	92,047,452
Current assets	9,643,920	4,993,936	5,969,706	5,832,857	8,485,087
Total assets	**115,889,726**	**112,923,332**	**114,746,267**	**111,277,586**	**100,532,539**
Equity					
Issued capital	5,121,264	5,121,264	3,800,202	3,800,202	3,800,202
Share premium	12,548,859	12,548,859	4,034,411	4,034,411	4,034,411
Retained earnings	44,577,786	43,433,861	49,710,434	49,626,894	47,099,673
Equity attributable to equity holders of the parent	**62,247,909**	**61,103,984**	**57,545,047**	**57,461,507**	**54,934,286**
Non-controlling interests	**(27,684)**	**(1,075)**	**(2,130)**	**(298)**	**840**
Total equity	**62,220,225**	**61,102,909**	**57,542,917**	**57,461,209**	**54,935,126**
Liabilities					
Non-current liabilities	28,039,657	23,526,306	34,649,473	33,931,045	30,646,683
Current liabilities	25,629,844	28,294,117	22,553,877	19,885,332	14,950,730
Total liabilities	53,669,501	51,820,423	57,203,350	53,816,377	45,597,413
Total equity and liabilities	**115,889,726**	**112,923,332**	**114,746,267**	**111,277,586**	**100,532,539**

STATEMENT OF PROFIT OR LOSS

	2021	2020	2019	2018	2017
Revenue	21,742,192	10,158,154	20,404,533	17,424,966	13,843,470
Profit before taxation	1,662,611	(8,934,377)	1,124,233	5,041,581	3,680,155
Taxation	(545,295)	2,664,769	(510,497)	(1,327,885)	(998,422)
Profit after taxation	1,117,316	(6,269,608)	613,736	3,713,696	2,681,733
Earnings per share (Kobo) - Basic	11.17	(76.55)	8.06	48.89	35.30
Net Asset per share (Kobo) - Basic	6.07	7.46	7.57	7.56	7.23
Dividend per share (Kobo)	7.00	-	7.00	15.00	12.46

Earnings per share is based on profit for the year and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

transcorp Hotels

CONSOLIDATED AND SEPARATE FIVE YEAR FINANCIAL SUMMARY - Continued
AS AT 31 DECEMBER 2021
OTHER NATIONAL DISCLOSURES

COMPANY

STATEMENT OF FINANCIAL POSITION	2021	2020	2019	2018	2017
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Non-current assets	103,289,743	105,560,501	106,361,373	103,063,443	89,490,274
Current assets	9,666,801	4,995,548	5,884,679	5,722,247	8,412,232
Total assets	**112,956,544**	**110,556,049**	**112,246,052**	**108,785,690**	**97,902,506**
Equity					
Issued capital	5,121,264	5,121,264	3,800,202	3,800,202	3,800,202
Share premium	12,548,859	12,548,859	4,034,411	4,034,411	4,034,411
Retained earnings	44,347,486	43,773,111	49,904,570	49,802,915	47,111,055
Total equity	**62,017,609**	**61,443,234**	**57,739,183**	**57,637,528**	**54,945,668**
Liabilities					
Non-current liabilities	25,629,657	21,116,306	32,239,473	31,521,045	28,236,684
Current liabilities	25,309,278	27,996,509	22,267,396	19,627,117	14,720,154
Total liabilities	50,938,935	49,112,815	54,506,869	51,148,162	42,956,838
Total equity and liabilities	**112,956,544**	**110,556,049**	**112,246,052**	**108,785,690**	**97,902,506**

STATEMENT OF PROFIT OR LOSS

Revenue	20,883,277	9,647,364	19,499,897	16,475,720	12,962,580
Profit before taxation	1,111,722	(8,743,483)	1,133,926	5,187,367	3,608,645
Taxation	(537,347)	2,612,024	(500,243)	(1,311,067)	(968,648)
Profit after taxation	574,375	(6,131,459)	633,683	3,876,300	2,639,997
Earnings per share (Kobo) - Basic	5.61	(74.85)	8.34	51.00	34.73
Net Asset per share (Kobo) - Basic	6.05	7.50	7.60	7.58	7.23
Dividend per share (Kobo)	7.00	-	7.00	15.00	12.46

Earnings per share is based on profit for the year and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.