transcorp

TRANSNATIONAL CORPORATION OF NIGERIA PLC
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TRANSNATIONAL CORPORATION OF NIGERIA PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Content	**Page**

CORPORATE INFORMATION

Country of incorporation and domicile		Nigeria
Directors:	Mr. Tony O. Elumelu, CON	Chairman
	Mrs. Foluke Abdulrazaq	Vice Chairman / Independent Non-Executive Director
	Mrs. Owen Omogiafo	President/GCEO
	Mr. Emmanuel N. Nnorom	Non-Executive Director
	Mr. Victor Famuyibo	Non-Executive Director (Appointed 22 April 2021)
	Dr. Stanley Lawson	Non-Executive Director
	Mr. Oliver Andrew	Non-Executive Director (Appointed 23 August 2021)
	Mr. Adamu Sambo	Non-Executive Director (Appointed 22 April 2021)
	Mr. Valentine Ozigbo	Non-Executive Director (Resigned 27 April 2021)
	Ms. Obi Ibekwe	Independent Non-Executive Director (Resigned 30 October 2021)
	Mrs. Toyin Sanni	Non-Executive Director
Group Company Secretary:	Mrs. Kofo Olokun-Olawoyin	
Registered office:	38 Glover Road Ikoyi Lagos, Nigeria.	
Registration number:	RC 611238	
Registrars:	Africa Prudential Plc 220B Ikorodu Road Palmgrove, Lagos.	
Principal bankers:	United Bank for Africa Plc First Bank of Nigeria Limited	
Auditors:	Deloitte & Touche Chartered Accountants Civic Towers, Plot GA 1 Ozumba Mbadiwe Avenue Victoria Island, Lagos Nigeria.	
Investors Relations Manager:	Mr. Joseph Adegunwa joseph.adegunwa@transcorpnigeria.com	
Investors Relations Portal:	https://transcorpnigeria.com/investor-relations/	

DIRECTORS' REPORT

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

1. PRINCIPAL ACTIVITIES

The Group's business is the investment and operation of portfolio companies in the hospitality, power, agriculture and oil and gas sectors. The Company has retained subsidiaries and affiliates providing services and sale of goods in these sectors.

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 to 22 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	111,219,336	75,270,921	5,127,383	2,725,533
Gross profit	54,779,395	32,969,695	5,127,383	2,725,533
Profit before tax	27,998,554	1,608,591	4,022,153	2,666,403
Tax	(4,167,102)	2,183,517	(587,789)	(278,043)
Profit after tax	**23,831,452**	**3,792,108**	**3,434,364**	**2,388,360**

3. DIRECTORATE

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

Directors	**Designation**	**Changes**
Mr. Tony O. Elumelu, CON	Chairman	
Mrs. Foluke Abdulrazaq	Vice Chairman / Independent Non-	
Mrs. Owen Omogiafo	President/GCEO	
Mr. Emmanuel N. Nnorom	Non-Executive Director	
Mr. Victor Famuyibo	Non-Executive Director	Appointed 22 April 2021
Dr. Stanley Lawson	Non-Executive Director	
Mr. Oliver Andrew	Non-Executive Director	Appointed 23 August 2021
Mr. Adamu Sambo	Non-Executive Director	Appointed 22 April 2021
Ms. Obi Ibekwe	Independent Non-Executive Director	Resigned 30 October 2021
Mr. Valentine Ozigbo	Non-Executive Director	Resigned 27 April 2021
Mrs. Toyin Sanni	Non-Executive Director	

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	Designation	2021 Direct	2020 Direct	2021 Indirect	2020 Indirect
Mr. Tony O. Elumelu, CON*	Chairman	273,104,041	273,104,041	293,983,193	293,983,193
				273,545,722	273,545,722
Mrs. Foluke Abdulrazaq	Vice Chairman / Independent Non-Executive Director	-	-	-	-
Mrs. Owen Omogiafo	President/GCEO	12,634,188	7,634,188	-	-
Mr. Emmanuel N. Nnorom**	Non-Executive Director	-	-	11,653,487	11,653,487
Mr. Victor Famuyibo	Non-Executive Director	-	-	-	-
Dr. Stanley Lawson	Non-Executive Director	122,790,102	122,790,102	-	-
Mr. Oliver Andrew	Non-Executive Director	-	-	-	-
Mr. Adamu Sambo	Non-Executive Director	-	-	-	-
Mrs. Toyin Sanni	Non-Executive Director	31,506	31,506	-	-
Mr Valentine Ozigbo	Non-Executive Director	10,859,126	10,859,126	-	-

*293,983,193 shares are held indirectly through HH Capital Limited and 273,545,722 shares are held indirectly through Heirs Holdings Limited.

**11,653,487 shares are held indirectly through Vine Foods Limited.

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 was no alternate directorship during the year under review.

7. DIVIDENDS

The Board of Directors have approved the payment of N812,959,805.86 (2020:N406,479,902.93), being 2 kobo per share on the outstanding ordinary shares of 40,647,990,293 shares of 50 kobo each for the year ended 31 December 2021. This is subject to shareholders declaration of same as dividend for the year at the next Annual General Meeting (AGM). WIthholding tax at the applicable rate will be deducted at the time of payment.

8. SHARE CAPITAL

As at 31 December 2021, only UBA Nominees Limited-Trading, held 5% or more of the issue and fully paid shares of 50 kobo of the Company.

	2021 N'000	2020 N'000	2021 Percentage of shares	2020 Percentage of shares
UBA Nominees Limited - Trading	3,762,647	3,762,647	9.26%	9.26%

There has been 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 (number)	Percentage %
1-999	5,204	1.85	1,883,243	0.00
1000- 9,999	209,543	74.60	532,070,358	1.31
10,000 - 99,999	54,356	19.35	1,279,086,215	3.15
100,000 - 999,999	9,804	3.49	2,476,442,489	6.09
1,000,000 - 9,999,999	1,741	0.62	4,119,955,398	10.14
10,000,000 - 99,999,999	198	0.07	4,427,873,803	10.89
100,000,000 - 999,999,999	43	0.02	11,413,919,607	28.08
Above 1,000,000,000	9	0.00	16,396,759,180	40.34
Total	**280,898**	**100**	**40,647,990,293**	**100**

Shareholder Structure as at 31 December 2021

Holder type	Holder count	Holdings (number)	Percentage %
Individual	276,990	19,039,670,943	46.84
Government	17	1,876,038	0.00
Corporate	2,806	21,459,786,735	52.79
Pension	12	26,127,205	0.06
Joint	1,071	120,377,572	0.30
Institution	2	151,800	0.00
Total	**280,898**	**40,647,990,293**	**100**

9. SHARE CAPITAL HISTORY

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

	Authorised (N)		Issued & Fully Paid-up		Consideration
Year	Increase (N)	Cumulative (N)	Increase (N)	Cumulative (N)	
2004	100,000,000	100,000,000	25,000,000	25,000,000	Cash
2006	100,000,000	200,000,000	25,000,000	50,000,000	Stock Split
2006	35,800,000,000	36,000,000,000	18,503,905,526	18,553,905,526	Cash
2007	-	36,000,000,000	7,260,092,757	25,813,998,283	Cash
2013	9,000,000,000	45,000,000,000	12,906,998,142	38,720,996,425	Right issue
2016	-	45,000,000,000	1,926,993,868	40,647,990,293	Bonus issue

10. PROPERTY PLANT & EQUIPMENT

Information relating to movement in property, plant & equipment is shown in Note 20 to the consolidated and Separate 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 Transnational Corporation of Nigeria 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.

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 in the hospitality business 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 N'000	2020 N'000
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.

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 Enterprise Risk Management Framework was developed to institutionalize risk management practices across Transnational Corporation of Nigeria Plc.

It covers the Framework 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 RELATIONSHIP 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**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Transcorp Power Limited	-	-	8,264,883	5,459,414
Amount owed from related parties				
Transcorp Power Limited	-	-	1,863,537	-
Teragro Commodities Limited	-	-	1,751,457	1,758,067
Transcorp OPL 281 Limited	-	-	9,673,657	4,333,418
Transcorp Hotels Plc	-	-	5,058,564	8,007,598
Transcorp Hotels Calabar Limited	-	-	35,373	24,182
Trans Afam Power Ltd	-	-	18,385,000	603,129
Transcorp Energy Limited	-	-	193,487	3,995,168
	-	**-**	**36,961,075**	**18,721,562**

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 the 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 recognised N2.8bn (2020:N2.8bn) as provision for expected credit losses relating to amounts owed by related parties.

Related party borrowings

Included in the amount due from Transcorp Energy Limited is N7.4b loan at 11%

18. OTHER TERMS

The Company entered into a Technical and Management services agreement with Transcorp Hotels Plc, Transcorp Power Limited, and Trans Afam Power Limited. As stipulated in the signed agreement, the Company earns management fee of higher of N350 million or 5% of profit before tax of these Companies.

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 APPOINTMENT OF 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
14 March 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Transnational Corporation of Nigeria 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.

-------------------------------------	-------------------------------------
Owen Omogiafo	**Mr. Tony O. Elumelu, CON**
President/ GCEO	Chairman, Board of Directors
FRC/2019/IODN/00000019827	FRC/2013/CIBN/00000002590

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 made, and

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

We state that Management and Directors:

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

(ii) has evaluated the effectiveness of the Group’s internal controls within 90 days prior to the date of its audited financial statements, and
(iii) certifies that the Group’s internal controls are effective as of that date;

We have disclosed:
(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group 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 14 March 2022.

Owen Omogiafo
President/ GCEO
FRC/2019/IODN/00000019827

Mr Joseph Adegunwa
Group Chief Finance Officer
FRC/2019/ICAN/00000019103

transcorp

REPORT OF THE STATUTORY AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2021

To the members of Transnational Corporation of Nigeria 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 Transnational Corporation of Nigeria 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 Transnational Corporation of Nigeria Plc.

John Isesele

FRC No. FRC/2014/ICAN/00000008988

Dated this 14th day of March 2022

Members of the Statutory Audit Committee

1.	Mr. John Isesele	-	Chairman
2.	Mr. Matthew Esonanjor	-	Member
3.	Ms. Judith Rapu	-	Member
4.	Dr. Stanley Lawson	-	Member

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

Independent Auditor's Report

To the Shareholders of Transnational Corporation of Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Transnational Corporation of Nigeria Plc** and its subsidiaries (the Group and Company) set out on pages 17 to 107, 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 and consolidated and separate statements of cash flows for the year then ended, 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 **Transnational Corporation of Nigeria Plc** as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA) 2020 and Financial Reporting Council Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of 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 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, was 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 the matter.

MAKING AN IMPACT THAT MATTERS
since 1845

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Assessment of goodwill impairment - Consolidated	
The Group has a material balance of N30.934 billion as goodwill, which principally relate to the acquisition of Transcorp Power Limited (TPL) and consolidation of Transcorp Hotel Plc (THP). The asset is not amortised but tested for impairment annually. Goodwill is calculated as the difference between the purchase consideration and the share of net assets acquired; it is allocated to the Cash Generating Units (CGUs) THP and TPL. In line with the provision of IAS 36 – impairment of assets, goodwill should be tested for impairment annually. The Group tested goodwill for impairment and no impairment charge has been recorded against these balances in the current year. The recoverable amount of THP has been determined using the Fair Value Less Costs to Dispose approach. To establish the fair value, the Company engaged an external valuer who determined the fair value of the property, plant and equipment, based on several valuation assumptions and deemed the fair value of the other assets to be same as their current carrying amount The recoverable amount of TPL has been determined using the Value-In-Use approach. In determining the value in use, the Group has estimated future cash flows, associated discount rates and growth rates based on their view of future business process. The current economic climate increases the complexity of forecasting. Scrutiny is placed on forecast assumptions and discount rates, with a greater focus on more recent trends and less reliance on historical trends. The annual impairment test is significant to the audit because the balance involved is significant to the Group and the testing process is complex and requires significant judgment made by the Directors concerning the estimated value. Accordingly, the impairment test of goodwill is considered a key audit matter due to the impact of the above assumptions. The disclosure of goodwill is set out in Note 23 of the consolidated and separate financial statements.	To determine the appropriateness of the management assumptions and conclusions on the impairment assessment of the goodwill balance, in line with the provisions of IAS 36, we performed the following procedures: • We considered the determination of Transcorp Hotels Plc and Transcorp Power Limited as identifiable cash-generating units • Evaluated the appropriateness of the approaches - fair value and value in use method - used by management in determining the recoverable amount of the cash generating unit. • Evaluated the reasonableness of the methods and assumptions the management expert used to estimate the fair value of the Assets of Transcorp Hotels Plc and Transcorp Power Limited. • Independently engaged a valuation expert who carried out a valuation of the property, plant and equipment (PPE) of Transcorp Hotels Plc 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 Plc. • Reviewed management assumptions used to determine the estimated cost to dispose in respect of Transcorp Hotels Plc. • Compared the cash flows forecast to approved budgets and other relevant market and economic information as well as testing the underlying calculations used to estimate the value-in-use of Transcorp Power Limited. • Involved internal valuation specialists to assist in evaluating management's key assumptions used in the estimation of Transcorp Power Limited's recoverable amount. • Ensured appropriate disclosures in the financial statements. Based on the procedures performed, we believe the goodwill impairment assessment by the Group is reasonable and the balance is not impaired.

Deloitte.

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 Reports, Sustainability Report, Environmental, Social & Governance Report, Statement of Directors Responsibility, Report of the Statutory Audit Committee, Company Secretary's Report, Value Added Statement and Financial Summary, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act 2011 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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.

Deloitte.

- 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

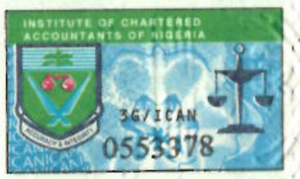
In accordance with the Fifth schedule of Companies and Allied Matters Act (CAMA) 2020, we expressly state that:

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, FCA - FRC/2013/ICAN/00000001348
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
25 March 2022



TRANSNATIONAL CORPORATION OF NIGERIA PLC
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021

		Group		Company	
	Note(s)	**2021**	**2020**	**2021**	**2020**
		N'000	**N'000**	**N'000**	**N'000**
Revenue	9	111,219,336	75,270,921	5,127,383	2,725,533
Cost of sales	10	(56,439,941)	(42,301,226)	-	-
Gross profit		**54,779,395**	**32,969,695**	**5,127,383**	**2,725,533**
Other gains or losses	11	2,644,042	2,594,879	4,006,028	3,053,642
Impairment (loss)/gain on financial assets	16	(182,795)	(3,956,020)	-	202,318
Termination/retirement benefits	14.2	-	(2,238,174)	-	-
Administrative expenses	15	(18,704,961)	(11,383,423)	(1,692,620)	-1,187,088
Operating profit		**38,535,681**	**17,986,957**	**7,440,791**	**4,794,405**
Finance income	12	283,926	415,418	1,081,922	1,163,714
Finance cost	13	(15,327,322)	(16,793,784)	(4,500,560)	(3,291,716)
Bargain purchase on consolidation of Afam	33.2	4,506,269	-	-	-
Profit before tax		**27,998,554**	**1,608,591**	**4,022,153**	**2,666,403**
Income tax	17	(4,167,102)	2,183,517	(587,789)	(278,043)
Profit for the year		**23,831,452**	**3,792,108**	**3,434,364**	**2,388,360**
Other comprehensive (loss)/income:					
Items that will not be reclassified to profit or loss					
(Loss)/gain on valuation of investments in equity instruments	25	(287,642)	724,633	(287,642)	724,633
Other comprehensive (loss)/income for the year		**(287,642)**	**724,633**	**(287,642)**	**724,633**
Total comprehensive income for the year		**23,543,810**	**4,516,741**	**3,146,722**	**3,112,993**
Profit attributable to:					
Owners of the parent		13,964,329	(862,036)	3,434,364	2,388,360
Non-controlling interest		9,867,123	4,654,144	-	-
		23,831,452	**3,792,108**	**3,434,364**	**2,388,360**
Total comprehensive income attributable to:					
Owners of the parent		13,676,687	(137,403)	3,146,722	3,112,993
Non-controlling interest		9,867,123	4,654,144	-	-
		23,543,810	**4,516,741**	**3,146,722**	**3,112,993**
Earnings per share					
Per share information					
Basic earnings/(loss) per share	19	34	(2)	8	6
Diluted earnings/(loss) per share	19	34	(2)	8	6

The accounting policies on pages 23 to 56 and the notes on pages 57 to 110 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
Consolidated and Separate Statements of Financial Position
For the Year Ended 31 December 2021

	Note(s)	Group			Company	
		2021 N'000	**2020 N'000 (Restated)**	**1/1/2020 N'000 (Restated)**	**2021 N'000**	**2020 N'000**
Assets						
Non-Current Assets						
Property, plant and equipment	20	277,816,617	155,137,789	158,473,054	51,151	19,977
Right-of-use assets	21	288,524	62,893	120,949	288,524	62,893
Investment properties	22	2,194,000	2,047,900	2,047,900	2,194,000	2,047,900
Goodwill	23	30,934,143	30,934,143	30,934,143	-	-
Other intangible assets	24	10,265,715	10,221,940	10,234,090	5,075,818	5,075,818
Investments in subsidiaries	6	-	-	-	42,395,763	61,167,716
Investment in financial asset	25	5,411,024	4,175,603	3,450,970	3,887,961	4,175,603
Prepayments and other assets	30	38,403	36,875	125,431	38,403	36,875
Deferred tax asset	18	792,202	1,316,522	78,711	-	-
Deposit for investment	27	-	27,453,129	-	-	-
		327,740,628	**231,386,794**	**205,465,248**	**53,931,620**	**72,586,782**
Current Assets						
Inventories	28	4,463,680	4,357,878	4,438,996	-	-
Trade and other receivables	29	67,981,453	78,635,723	78,581,585	35,246,098	16,762,336
Prepayments and other assets	30	1,582,608	1,061,316	720,513	33,921	23,208
Cash and bank balances	31	14,231,648	3,769,341	4,941,953	493,255	1,172,613
		88,259,389	**87,824,258**	**88,683,047**	**35,773,274**	**17,958,157**
Total Assets		**416,000,017**	**319,211,052**	**294,148,295**	**89,704,894**	**90,544,939**
Equity and Liabilities						
Equity						
Share capital	32	20,323,996	20,323,996	20,323,996	20,323,996	20,323,996
Share premium	32.2	6,249,871	6,249,871	6,249,871	6,249,871	6,249,871
Other reserves		26,451,986	1,982,031	1,257,398	1,806,069	2,093,711
Retained earnings (Restated)		47,602,138	28,620,256	29,536,057	13,324,478	10,296,595
Equity attributable to holders of parent		**100,627,991**	**57,176,154**	**57,367,322**	**41,704,414**	**38,964,173**
Non-controlling interest		45,664,290	38,249,016	32,386,857	-	-
Total Equity		**146,292,281**	**95,425,170**	**89,754,179**	**41,704,414**	**38,964,173**
Liabilities						
Non-Current Liabilities						
Borrowings	26	50,698,711	103,202,328	92,222,833	13,659,279	34,072,429
Deposit for shares	38	12,935,000	12,935,000	2,410,000	-	-
Contract Liabilities	35	2,333,370	2,445,163	2,617,369	-	-
Deferred income	34	2,005,878	1,052,739	1,073,534	-	-
Deferred tax liabilities	18	6,724,181	6,348,802	7,901,660	-	-
		74,697,140	**125,984,032**	**106,225,396**	**13,659,279**	**34,072,429**

TRANSNATIONAL CORPORATION OF NIGERIA PLC
Consolidated and Separate Statements of Financial Position
For the Year Ended 31 December 2021
Consolidated and Separate Statements of Financial Position - Contd'

		Group			Company	
		2021 N’000	**2020 N’000**	**1/1/2020 N’000**	**2021 N’000**	**2020 N’000**
Current Liabilities						
Trade and other payables	36	135,077,249	80,192,318	74,788,170	9,913,480	10,601,733
Borrowings	26	55,387,033	15,917,655	21,633,309	23,842,510	6,688,079
Contract Liabilities	35	152,820	170,990	-	-	-
Deferred income	34	450,659	252,796	208,442	-	-
Lease liabilities	37	297,123	-	-	297,123	-
Income tax payable	17.1	3,645,712	1,268,091	1,538,799	288,087	218,525
		195,010,596	**97,801,850**	**98,168,720**	**34,341,200**	**17,508,337**
Total Liabilities		**269,707,736**	**223,785,882**	**204,394,116**	**48,000,479**	**51,580,766**
Total Equity and Liabilities		**416,000,017**	**319,211,052**	**294,148,295**	**89,704,893**	**90,544,939**

The consolidated and separate financial statements were approved by the Board of Directors on 14 March 2022 and were signed on its behalf by:

Mr. Tony O. Elumelu, CON	**Mr. Joseph Adegunwa**	**Mrs. Owen Omogiafo**
Chairman, Board of Directors	**Group Chief Finance Officer**	**President/GCEO**
FRC/2013/CIBN/00000002590	FRC/2019/ICAN/00000019103	FRC/2019/IODN/00000019827

The accounting policies on pages 23 to 56 and the notes on pages 57 to 110 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
Consolidated and Separate Statements of Changes in Equity
For the Year Ended 31 December 2021

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to owners of the parents	Non-controlling interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Group				**(Restated)**			
Balance at 1 January, 2020	**20,323,996**	**6,249,871**	**1,257,398**	**39,199,021**	**67,030,286**	**41,708,106**	**108,738,392**
Adjustment (Note 44)	-	-	-	(9,662,964)	(9,662,964)	(9,321,249)	(18,984,213)
Restated Balance 1 January 2020	**20,323,996**	**6,249,871**	**1,257,398**	**29,536,057**	**57,367,322**	**32,386,857**	**89,754,179**
Profit/(Loss) for the year	-	-	-	(862,036)	(862,036)	4,654,144	3,792,108
Other comprehensive income	-	-	724,633	-	724,633	-	724,633
Total comprehensive (loss)/income for the year	**20,323,996**	**6,249,871**	**1,982,031**	**28,674,021**	**57,229,919**	**37,041,001**	**94,270,920**
*Adjustment on wound up subsidiary				352,953	352,953		352,953
Dividends	-	-	-	(406,718)	(406,718)	(2,630,414)	(3,037,132)
Rights issue	-	-	-	-	-	3,838,429	3,838,429
Total distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(53,765)**	**(53,765)**	**1,208,015**	**1,154,250**
Balance at 31 December, 2020	**20,323,996**	**6,249,871**	**1,982,031**	**28,620,256**	**57,176,154**	**38,249,016**	**95,425,170**
Balance at 1 January, 2021	**20,323,996**	**6,249,871**	**1,982,031**	**28,620,256**	**57,176,154**	**38,249,016**	**95,425,170**
Profit for the year	-	-	-	13,964,329	13,964,329	9,867,123	23,831,452
Other comprehensive income/(loss)	-	-	(287,642)		(287,642)	-	(287,642)
Total comprehensive income/(loss) for the year	**-**	**-**	(287,642)	**13,964,329**	**13,676,687**	**9,867,123**	**23,543,810**
**Adjustment for disposal of shares (Note 6.2)	-	-	-		-	2,494,214	2,494,214
Other reserve from Trans Afam Power Limited (Note 33.3)	-	-	24,757,597	-	24,757,597	-	24,757,597
Retained earnings from Trans Afam Power Limited (Note 33.1)	-	-	-	5,424,033	5,424,033	-	5,424,033
Dividends (Note 36.1)	-	-	-	(406,480)	(406,480)	(4,946,064)	(5,352,544)
Rights issue	-	-	-	-	-	-	-
Total distributions to owners of company recognised directly in equity	**-**	**-**	**24,757,597**	**5,017,553**	**29,775,150**	**(2,451,850)**	**27,323,300**
Balance at 31 December, 2021	**20,323,996**	**6,249,871**	**26,451,986**	**47,602,138**	**100,627,991**	**45,664,290**	**146,292,280**
Note(s)	32	32					

*In 2018, Transcorp Staff Share Ownership Trust Company Limited was wound up. The N353mn represents the net effect of winding up the entity.

**This represents disposal of shares in Transcorp Hotels Limited during the year. 763,898,306 shares at a cost of N2.494bn was disposed at N4.148bn with the proceeds used to reduce borrowings.

The accounting policies on pages 23 to 56 and the notes on pages 57 to 110 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
Consolidated and Separate Statement of Changes in Equity
For the Year Ended 31 December 2021

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to owners of the parents	Non-controlling interest	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Company							
Balance at 1 January, 2020	**20,323,996**	**6,249,871**	**1,369,078**	**8,314,715**	**36,257,660**	**-**	**36,257,660**
Profit for the year	-	-	-	2,388,360	2,388,360	-	2,388,360
Other comprehensive income	-	-	724,633	-	724,633	-	724,633
Total comprehensive (loss)/income for the year	**20,323,996**	**6,249,871**	**2,093,711**	**10,703,075**	**39,370,653**	**-**	**39,370,653**
Dividends	-	-	-	(406,480)	(406,480)	-	(406,480)
Total distributions to owners of company recognised directly in equity	-	-	-	(406,480)	(406,480)	-	(406,480)
Balance at 31 December, 2020	**20,323,996**	**6,249,871**	**2,093,711**	**10,296,595**	**38,964,173**	**-**	**38,964,173**
Balance at 1 January, 2021	**20,323,996**	**6,249,871**	**2,093,711**	**10,296,595**	**38,964,173**	**-**	**38,964,173**
Profit for the year	-	-	-	3,434,363	**3,434,363**	-	**3,434,363**
Other comprehensive income	-	-	(287,642)	-	(287,642)	-	**(287,642)**
Total comprehensive income for the year	-	-	(287,642)	3,434,363	3,146,721	-	3,146,721
Dividends	-	-	-	(406,480)	(406,480)	-	(406,480)
Total distributions to owners of company recognised directly in equity	-	-	-	(406,480)	(406,480)	-	(406,480)
Balance at 31 December, 2021	**20,323,996**	**6,249,871**	**1,806,069**	**13,324,478**	**41,704,414**	**-**	**41,704,414**
Note(s)	32	32					

The accounting policies on pages 23 to 56 and the notes on pages 57 to 110 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
Consolidated and Separate Statements of Cash Flows
For the Year Ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note(s)	N '000	N '000	N '000	N '000
Cash flows from operating activities					
Profit before taxation		27,998,554	1,608,591	4,022,153	2,666,403
Adjustments for:					
Depreciation of property, plant and equipment	20	6,656,500	5,752,389	7,359	7,397
Amortisation of intangible assets	24	24,973	24,593	-	-
Depreciation of right of use asset	21	57,515	58,056	57,515	58,056
Profit on disposal of property, plant and equipment	11	(25,798)	(2,815)	(339)	-
Profit on disposal of shares	11	(1,600,740)	-	(1,600,740)	-
Dividend income on equity securities	11	(238,853)	(421,250)	(238,853)	(421,250)
Finance income	12	(283,926)	(415,418)	(1,081,922)	(1,163,714)
Finance cost on loan and borrowings	13	15,313,345	16,793,784	4,486,583	3,291,716
Interest cost on lease rental	13	13,977	-	13,977	-
Adjustment for tax on franked income		-	-	(512,738)	-
Impairment (loss)/gain on financial assets	16	182,795	3,956,020	-	(202,318)
Increase in fair value of investment properties	22	(146,100)	-	(146,100)	-
Adjustment for subsidiaries disposed/removed from the Group		-	352,953	-	-
Adjustment for PPE acquired from Trans Afam	20	(113,826,083)	-	-	-
Transfer of Afam's Other reserve		24,757,597	-	-	-
Retained earnings transferred from Afam	33.1	5,424,033	-	-	-
Changes in working capital:					
(Increase)/ Decrease in Inventories		(105,802)	81,118	-	-
Decrease/ (Increase) in Trade and Other Receivables		10,471,218	(4,010,158)	(17,402,556)	(1,684,992)
(Increase) in Prepayments		(522,820)	(252,247)	(12,241)	(34,502)
Increase in Trade and Other Payables		52,911,365	5,295,789	(688,253)	5,700,199
(Decrease) in Contract Liabilities		(129,963)	(1,216)	-	-
Increase in Lease Liabilities		297,123	-	283,146	-
Increase in Deferred Income		1,151,002	23,559	-	-
Cash generated from operations		**28,379,912**	**28,843,748**	**(12,813,009)**	**8,216,995**
Income tax paid	17	(889,782)	(877,861)	(5,489)	(16,393)
Net cash generated by operating activities		**27,490,129**	**27,965,887**	**(12,818,498)**	**8,200,602**
Cash flows from investing activities					
Deposit for Investment	27	27,453,129	(27,453,129)	-	-
Purchase of property, plant and equipment	20	(15,508,617)	(2,417,498)	(37,905)	(2,202)
Proceeds from sale of property, plant and equipment	20	25,170	3,189	(289)	526
Proceeds of disposal of shares	6	4,095,213	-	4,095,213	-
Purchase of investment in financial assets	25	(1,500,000)	-	-	-
Purchase of other intangible assets	24	(68,748)	(12,443)	-	-
Purchase of right of use of assets	21	(283,146)	-	(283,146)	-
Interest received	12	260,863	415,418	716	1,163,714
Investment in subsidiaries/associates		-	-	16,277,480	(27,106,092)
Dividend income on equity securities	11	238,853	421,250	238,853	421,250
Right issue		-	3,838,429	-	-
Net cash generated/ (used in) by investing activities		**14,712,717**	**(25,204,784)**	**20,290,922**	**(25,522,804)**
Cash flows from financing activities					
Proceeds from borrowings	26	34,209,847	62,164,565	-	25,680,834
Repayment of borrowings	26	(49,346,197)	(60,199,546)	(5,101,688)	(4,040,522)
Deposit for shares		-	10,525,000	-	-
Dividends paid	36.1	(3,392,955)	(2,928,772)	(406,480)	(406,480)
Interest paid	26	(16,678,036)	(13,494,962)	(4,329,191)	(3,291,716)
Net cash generated by/(used in) financing activities		**(35,207,341)**	**(3,933,715)**	**(9,837,359)**	**17,942,116**
Net increase/(decrease) in cash and cash equivalents		**6,995,505**	**(1,172,612)**	**(2,364,935)**	**619,914**
Cash and cash equivalent at the beginning of the year	31	3,769,341	4,941,953	1,172,613	552,699
Cash and cash equivalent at end of the year	**31**	**10,764,846**	**3,769,341**	**(1,192,322)**	**1,172,613**

Accounting Policies

1. Corporate information

The consolidated and Separate financial statements of Transnational Corporation of Nigeria Plc and its subsidiaries (collectively, the Group) for the year ended 31 December, 2021 were authorised for issue in accordance with a resolution of the Directors on 14 March 2022. Transnational Corporation of Nigeria Plc (the Company or the Parent) is a public company incorporated under the Companies and Allied Matters Act (CAMA) on 16 November 2004, domiciled in Nigeria and whose shares are publicly traded. The registered office is located at 38 Glover Road, Ikoyi, Lagos, Nigeria.

The Major Shareholer is UBA Nominees Limited with 3,762,647 shares being 9.26% shareholding (2020: 9.26%)

The Group is principally engaged in the power, agro-allied, oil & gas and hospitality industry. Information on the Group's structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 40.

2. Significant Accounting Policies

2.1 Basis of preparation

The Consolidated and Separate financial statements of the Group have been prepared in compliance with the CAMA and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Consolidated and Separate financial statements have been prepared on a historical cost basis, except for investment properties and equity financial assets that have been measured at fair value. The Consolidated and Separate financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

The Consolidated and Separate financial statements provide comparative information in respect of the previous year.

2.2 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of consolidation

The Consolidated and Separate financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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

2. Significant Accounting Policies

2.3 Basis of consolidation-Cont'd

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 Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of thethree elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated and Separate financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non- controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

2. Significant Accounting Policies

2.4 Business combinations and goodwill - Continued

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non- controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the Bargain purchase gain is recognised in profit or loss.

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.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, 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.

2.5 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.

2. Significant Accounting Policies

2.5 Current versus non-current classification

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
- 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.

2.6 Fair value measurement

The Group measures financial instruments such as equity financial assets, and 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.

2. Significant Accounting Policies

2.6 Fair value measurement-Cont'd

Management determines the procedures for both recurring fair value measurement, such as investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is determined annually by management after discussion with and approval by the Board. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated after a periodic assessment on the need to change valuers are carried out. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis,management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, fair value measurement hierarchy - Note 8
- Quantitative disclosures of fair value measurement hierarchy - Note 8
- Investment properties - Note 22
- Financial instruments (including those carried at amortised cost) - Note 7

2.7 Revenue from contracts with customers

The Group is principally engaged in the power, agro-allied, oil & gas and hospitality industry.

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.

The Group has applied the practical expedient in IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics since the Group reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

2. Significant Accounting Policies

2.7 Revenue from contracts with customers-Cont'd

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 assessed 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; service on its own;
- 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.

Rooms

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 depict 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 (if any).

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.

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.

2. Significant Accounting Policies

2.7 Revenue from contracts with customers-Cont'd

Energy and capacity charge

Capacity charge is recognized monthly based on the average of available capacity declared at the beginning of the month. Revenue from energy sent out is calculated on the basis of megawatts of electricity pushed to the transmission grid. The capacity charge and energy sent out are included in revenue reported in the profit and loss account.

Contract for the sale of electric power begins on performance and revenue is recognised overtime using an output method to measure progress towards completion of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Company considers whether there are other substitute with undertakings in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of electric power, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

Ancillary services

Ancillary services relate to services provided by the Group, other than the primary production of electricity, which is used to operate a stable and secure Power System including but not limited to reactive power, operating reserve, frequency control and black start capability. The ancillary services are provided in line with the existing agreement.

The Group recognises revenue from ancillary services over time as control is transferred.

Other services

The Group generates revenue from other streams such as fitness club, laundry services, business centre, valet 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. The normal credit term is 30 days upon check-in.

Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liability

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 the deposit is used to recoup unpaid balances owed by the customer. However, if the customer does not have unpaid balances, the security deposit is refunded to the customer.

2. Significant Accounting Policies

2.8 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. 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.

Deferred tax

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.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- 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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will 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 re- assessed 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 in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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 OCI or directly in equity.

2. Significant Accounting Policies

2.8 Taxes-Cont'd

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.

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 asset or service 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.

2.9 Foreign currencies

The Group's Consolidated and Separate financial statements are presented in Naira, which is also the parent company's functional currency. For each entity, the Group determines the functional currency; and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates, at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2. Significant Accounting Policies

2.9 Foreign currencies-Cont'd

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.10 Cash 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 Company. 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.

2.11 Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Other property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the motor vehicle, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of motor vehicle and plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Refer to significant accounting judgements, estimates and assumptions (Note 3).

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

Item	Depreciation Method	Average useful life
Buildings	Straight line	50 years
Freehold land	Straight line	Not depreciated
Plant and machinery	Straight line	10 to 50 years
Furniture and fixtures	Straight line	5 to 10 years
Motor vehicles	Straight line	4 to 5 years
Computer and office equipment	Straight line	3 to 10 years
Leasehold improvements	Straight line	5 to 10 years

Dercognition of Property, Plant and Equipment

An item of property, plant and equipment and any significant part initially recognised 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 on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. Significant Accounting Policies

2.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for its lease. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-Use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight- line basis over the shorter of the lease term and the estimated useful lives of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as shown below:

Item	Depreciation Method	Average useful life
Office Buildings	Straight line	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

2. Significant Accounting Policies

2.12 Leases-Cont'd

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. 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.

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.

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 an investment property.

2. Significant Accounting Policies

2.15 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Derecognition of Intangibe Assets

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 profit or loss.

Goodwill with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash- generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Computer software

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

Research and development

Research costs are charged to expense as incurred.

Development expenses are capitalised when the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its ability to use or sell the intangible asset;
- The technical feasibility of the project and the availability of the adequate resources for the completion of the intangible asset;
- The ability of the asset to generate probable future economic benefits;
- The ability to measure reliably the expenditures attributable to the asset; and
- The feasibility and intention of the Group to complete the intangible asset and use or sell it.

Advertising, training and start-up costs are charged to expense when incurred. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

2. Significant Accounting Policies

2.15 Intangible assets-Cont'd

Oil and natural gas exploration & evaluation, appraisal and development expenditure

The Group applies IFRS 6 “Exploration for and Evaluation of Mineral Resources” for exploration and evaluation costs. Oil and natural gas properties and expenditures; and Exploration and Evaluation assets are accounted for in accordance with the successful effort method of accounting (SEM).

Pre- license costs

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

License acquisition costs

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

If no future activity is planned, the carrying value of the license and property acquisition costs is written off through profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and natural gas properties. License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

Acquisition of producing assets

Upon acquisition of producing assets, where the Group does not have control, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The purchase price paid for the group of assets is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Exploration and evaluation costs

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors. Geological and geophysical costs are recognized in profit or loss as incurred.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient or continued progress is made in assessing the commerciality of the hydrocarbons.

2. Significant Accounting Policies

2.15 Intangible assets-Cont'd

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. All such capitalized costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss. When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalized expenditure is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to oil and natural gas properties.

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

Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within oil and natural gas properties.

2.16 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition as, amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component orfor which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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.

2. Significant Accounting Policies

2.16 Financial instruments – initial recognition and subsequent measurement-Cont'd

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
- The Group's financial assets includes financial assets at amortised cost and financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and receivables from other related parties.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by- instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

2. Significant Accounting Policies

2.16 Financial instruments – initial recognition and subsequent measurement-Cont'd

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if,and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions - Note 3
- Trade receivables - Note 29

The Group 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 Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there have 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 have 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).

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.

2. Significant Accounting Policies

2.16 Financial instruments – initial recognition and subsequent measurement-Cont'd

The Group considers a financial asset in default when contractual payments are 90 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.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 26.

2. Significant Accounting Policies

2.16 Financial instruments – initial recognition and subsequent measurement-Cont'd

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Direct materials: purchase cost on a weighted average basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions - Note 3
- Property, plant and equipment - Note 20
- Intangible assets - Note 24
- Goodwill - Note 23

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

2. Significant Accounting Policies

2.18 Impairment of non-financial assets-Cont'd

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's 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.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.19 Cash and cash equivalent

Cash and short-term deposits in the statement of financial position comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Significant Accounting Policies

2.21 Pension and other post-employment benefits

Defined contribution scheme - pension

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% to the scheme. Staff contributions to the plan are funded through payroll deductions while the Group and Company's contribution is recorded as employee benefit expense in profit or loss.

The Group does not have any legal or constructive obligation to pay further amounts if the plan asset is not sufficient to fund the obligation.

Short term Employee Benefit

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.

2.22 Deferred income

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

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

2.23 Profit-sharing and bonus plan

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

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.

3. Significant Accounting Judgements, Estimates and Assumptions

3.1 Judgements

In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated and Separate financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

The Group included the renewal period as part of the lease term for leases of office building with shorter non- cancellable period (i.e., less than two years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily-available. Furthermore, the periods covered by termination options are included as part of the lease term, only when they are reasonably certain not to be exercised.

Property lease classification – Group as lessor

The Group has entered into land property leases on its investment property portfolio. The Group has 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.

Revenue from contracts with customers

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

Determining the timing of satisfaction

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

The Group has determined that the output method is the best method in measuring progress while 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.

In addition, the Group determined that the output method is the best method in measuring progress of the energy and capacity supplied because it can demonstrate that the invoiced amount corresponds directly with the value to the customer of the Group's performance completed to date.

3 Significant Accounting Judgements, Estimates and Assumptions

3.1 Judgements-Cont'd

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 sale 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:

Allocation of transaction price to customer loyalty programme

- 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;

The Group has assessed that revenue earned from service charge will be recognised 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 are 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 how revenue from food and beverage are being recognised.

Principal versus agent considerations: Hilton Honours- customer loyalty program

The Group 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

3.2 Estimates and assumptions

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based depreciated replacement cost and comparative method of valuation was used to arrive at the fair value of the land. The Group engaged an independent valuation specialist to assess fair values as at 31 December, 2021 for the investment properties.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 22.

Valuation Basis

The basis of valuation of the investment property 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:

3. Significant Accounting Judgements, Estimates and Assumptions

3.2 Estimates and assumptions-Cont'd

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;
e. no account is to be taken of an additional bid by a special purchaser;

f. no account is to be taken of expenses of realization, which may arise in the event of a disposal.

Method of Valuation

We have valued the property in the open market using the Direct Market Comparison method of valuation.

Direct Market Comparison Approach

This approach compares a subject property's characteristics with those of comparable properties which have recently sold in similar transactions to arrive at the value. The process uses one of several techniques to adjust the prices of the comparable transactions according to the presence, absence or degree of characteristics which influence value.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. 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 value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 23.

Provision for expected credit losses of trade receivables

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 year 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 forward-looking estimates are analysed.

3. Significant Accounting Judgements, Estimates and Assumptions

3.2 Estimates and assumptions-Cont'd

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. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 29.

Measurement of the expected credit loss allowance for financial asset

The measurement of the expected credit loss allowance for financial assets measured at amortised cost (due from related companies) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL in Note 29 is further detailed below, which also sets out key sensitivities of the ECL to changes in these elements.

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 forward looking 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.

Taxes

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.

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
- 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.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4 New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year-Cont'd

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
- 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.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4 New Standards and Interpretations

4.2 New and revised IFRS Standards in issue but not yet effective-Cont'd

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 for annual reports is January 1st 2023.
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 is not expected to have a significant impact on the Group's consolidated financial statements.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4 New Standards and Interpretations

4.2 New and revised IFRS Standards in issue but not yet effective-Cont'd

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 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.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4 New Standards and Interpretations

4.2 New and revised IFRS Standards in issue but not yet effective-Cont'd

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

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

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

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

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

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

The Annual Improvements include amendments to three Standards:

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

TRANSNATIONAL CORPORATION OF NIGERIA PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4 New Standards and Interpretations

4.2 New and revised IFRS Standards in issue but not yet effective-Cont'd

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.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4 New Standards and Interpretations

4.2 New and revised IFRS Standards in issue but not yet effective-Cont'd

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

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.

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.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4 New Standards and Interpretations

4.2 New and revised IFRS Standards in issue but not yet effective-Cont'd

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

• 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 analysis

The Group

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 President/GCEO for Transnational Corporation of Nigeria Plc and the Managing Director/CEO of respective Subsidiary Companies. The President/GCEO and the respective Managing Director/CEO of each subsidiary reviews the Group and Individual Company's internal reporting in order to assess performance and allocate resources. The President/GCEO has determined the operating segments based on these reports. Assessment of performance is based on operating profit of the operating segment that is reviewed by the President/GCEO and other DIrectors. Other information provided to the Board is measured in a manner consistent with that of the financial statements.

The Executive Directors considers the business from an industry perspective and has identified five (5) operating segment which is the hospitality business as none of the subsidiaries consolidated quality for segment analysis.

All businesses are situated in Nigeria. In addtion, inter-segmental transactions have been properly eliminated upon consolidation.

i **Hospitality**

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

ii **Agro-allied**

This relates to a subsidiary, Teragro Commodities Limited. The subsidiary is engaged in the manufacturing/processing of fruit concentrates from fruits.

iii **Power**

This relates to a subsidiary, Transcorp Power Limited (TPL) and Trans Afam Power Limited (with its subsidiaries, Afam Power Plc and Afam Three Fast Power Limited). The subsidiary is engaged in generation of electric power.

iv **Oil & Gas**

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

v **Corporate Centre**

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

The President/GCEO who is the Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group’s financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The revenue from external parties reported to the Group is measured in a manner consistent with that in the income statement.
Sales between segments are carried out at arm’s length. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

Total segment assets are included in the reconciliation to the total statement of financial position assets.

As at 31 December 2021

	Hospitality N'000	Oil & Gas N'000	Agro-Allied N'000	Power N'000	Corporate Centre N'000	Inter-Segment Elimination N'000	Total N'000
Revenue	21,742,192	-	-	89,477,144	5,127,383	(5,127,383)	**111,219,336**
Other operating income/(loss)	909,383	(443,388)	14,358	131,188	4,006,028	(1,973,527)	**2,644,042**
Impairment (loss)/gain on financial assets	20,224	-	-	-551,892	-	348,873	**-182,795**
Administrative expenses	(11,428,226)	(256,811)	(7,748)	(7,293,083)	(1,692,620)	1,973,527	**(18,704,961)**
Finance cost	(4,072,562)	-	-	(7,859,832)	(4,500,560)	1,105,632	**(15,327,322)**
Finance income	4,299	-	-	1,123,930	1,081,922	(1,926,225)	**283,926**
Profit/(loss) before taxation	1,662,611	(700,199)	6,610	28,606,482	4,022,153	(5,599,103)	**27,998,554**
Total assets	115,889,727	8,218,853	16,753	278,363,149	89,737,694	(76,226,159)	**416,000,017**
Total liabilities	(53,669,501)	(9,990,997)	(1,775,802)	(208,609,454)	(48,001,679)	52,339,697	**(269,707,736)**
Net assets	**62,220,226**	**(1,772,144)**	**(1,759,049)**	**69,753,695**	**41,736,015**	**(23,886,462)**	**146,292,280**

5 Segment analysis-continued

As at 31 December 2020

	Hospitality N'000	Oil & Gas N'000	Agro-Allied N'000	Power N'000	Corporate Centre N'000	Inter-Segment Elimination N'000	Total N'000
Revenue	10,152,244	-	-	65,118,677	2,725,533	(2,725,533)	**75,270,921**
Other operating income/(loss)	170,971	-	-	788,737	3,053,642	(1,418,471)	**2,594,879**
Impairment (loss)/gain on financial assets	53,199	-	-	-4,223,766	202,318	12,229	**-3,956,020**
Administrative expenses	(8,283,018)	-	-	(2,786,262)	(1,187,088)	872,945	**(11,383,423)**
Finance cost	(5,306,339)	-	-	(8,495,542)	(3,291,716)	299,813	**(16,793,784)**
Finance income	6,231	-	-	407,818	1,163,714	(1,162,327)	**415,436**
Profit/(loss) before taxation	(8,940,287)	(431,241)	(108,376)	11,997,910	2,666,403	(3,581,727)	**1,608,591**
Total assets	112,923,332	7,572,057	27,502,682	152,926,112	90,544,939	(72,258,070)	319,211,052
Total liabilities	(51,820,423)	(8,644,003)	(29,236,741)	(128,389,980)	(48,000,479)	42,242,608	(223,849,018)
Net assets	**61,102,909**	**(1,071,946)**	**(1,734,059)**	**24,536,132**	**42,544,460**	**(30,015,462)**	**95,362,034**

Revenue for the Corporate Centre in 2021 relates to dividend income from Transcorp Power Limited to the Company, Transnational Corporation of Nigeria Plc.

Other operating income/(loss) from transactions during the year with other operating segments relates to Management and Technical Services fees from Transcorp Power Limited, Trans Afam Power Limited and Transcorp Hotels Plc, to the Company, Transnational Corporation of Nigeria Plc.

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

Revenue	**31 December 2021 N'000**	**31 December 2020 N'000**
Total revenue for reportable segments	116,346,719	77,996,454
Elimination of inter-segment revenue *(i)*	(5,127,383)	(2,725,533)
External revenue	**111,219,336**	**75,270,921**
Profit or loss		
Profit for reportable segments	33,597,657	7,095,373
Elimination of inter-segment profits *(ii)*	(5,599,103)	(5,486,782)
Consolidated profit before taxation	**27,998,554**	**1,608,591**

Assets	**31 December 2021**	**31 December 2020**
Total assets of reportable segments	492,226,176	391,469,122
Consolidation eliminations *(iii)*	(76,226,159)	(72,258,070)
Consolidated total assets	**416,000,017**	**319,211,052**
Liabilities		
Total liabilities of reportable segments	322,047,432	266,091,626
Consolidation eliminations *(iv)*	(52,339,697)	(42,242,608)
Consolidated total liabilities	**269,707,736**	**223,849,018**

5 Segment analysis-continued

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

(i) Elimination of inter-segment revenue relates to dividend income from Transcorp Power Limited to Transnational Corporation of Nigeria Plc.

(ii) Elimination of inter-segment other operating income/(loss) relates to management and technical service fees income from Transcorp Power Limited, Trans Afam Power Limited and Transcorp Hotels Plc,to Transnational Corporation of Nigeria Plc.

(iii) Elimination of inter-segment profits relates to dividend income, management and technical service fees, and finance cost/income between the segments and other income arising from transactions with non-controlling interests.

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

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

Entity-wide information

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

Analysis of revenue by category:	**31 December 2021**	**31 December 2020**
	N'000	**N'000**
Rooms	14,085,653	6,502,452
Food and beverage	6,470,388	2,593,847
Shop rental	823,269	693,794
Other operating revenue	254,729	362,151
Capacity charge	32,415,880	24,527,532
Energy sent out	57,031,863	40,509,266
Ancillary services	137,553	81,879
Total	**111,219,335**	**75,270,921**

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

6. Interests in subsidiaries including consolidated structured entities

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

Company

Name of company	Principal activities	% holding 2021	% holding 2020	Carrying amount 2021 N' 000	Carrying amount 2020 N' 000
Transcorp Hotels Plc	Hospitality services	76.2 %	83.6 %	25,470,755	27,965,228
Transcorp Power Limited	Power generation	50.9 %	50.9 %	16,826,588	16,826,588
Transcorp Energy Limited	Exploration of petroleum product	99.0 %	99.0 %	9,900	9,900
Trans Afam Power Limited*	Power generation	95.0 %	95.0 %	47,500	16,325,000
Transcorp Properties Limited	Building	100.0 %	100.0 %	10,000	10,000
Transcorp OPL 281 Nigeria Limited	Exploration, refining and marketing of petroleum products	100.00%	100.00%	500	500
Terago Commodities Limited	Growing of Agricultural product processing food and cash crops	95.00%	95.00%	9,500	9,500
Transcorp Refining Company Limited	Oil and gas exploration, refining and marketing General maritime	100.0 %	100.0 %	1,000	1,000
Transcorp Trading and Logistics Limited	Operation Communication	100.0 %	100.0 %	10,000	10,000
Transcorp Telecomms Limited	Operation Communication services	100.0 %	100.0 %	10,000	10,000
Aura by Transcorp Hotel Limited	Hospitality services	20.0 %	0.0 %	20	-
Transcorp Hotel Plc's investments in subsidiaries include:				-	-
Transcorp Hotels Calabar Limited	Hospitality services	100.0 %	100.0 %	-	-
Transcorp Hotels Port Harcourt Limited	Hospitality services	100.0 %	100.0 %	-	-
Transcorp Hotels Ikoyi Limited	Hospitality services	58.0 %	58.0 %	-	-
Aura by Transcorp Hotel Limited	Hospitality services	60.0 %	0.0 %	-	-
Trans Afam Power Limited's investments in subsidiaries include:					
Afam Power Plc	Power generation	100.0 %	0.0 %	-	-
Afam Three Fast Power Limited	Power generation	100.0 %	0.0 %	-	-
				42,395,763	61,167,716

Interests in subsidiaries including consolidated structured entities - Contd'

6.1 Movement in investment in subsidiaries

	2021 N' 000	2020 N' 000
As at 1 January	61,167,716	34,061,624
Transfer to intercompany	(16,277,500)	-
Additional investment during the year	20	27,106,092
Disposal of investment	(2,494,473)	-
	42,395,763	**61,167,716**

Transfer to intercompany account

In 2020, the Group supported its subsidiary -Trans Afam Power Limited-, with the sum of N16,325,000,0000, to acquire the Afam Genco, part of which includes N47,500,000 of equity and N16,277,000,000 intercompany support. In 2021, the N16,277,000,000 support has been transferred to intercompany.

6.2 Profit on disposal of shares inTranscorp Hotels Plc		**N' 000**
Proceeds of disposal of shares		4,147,968
Cost of disposal of shares		(52,755)
Net proceeds on disposal of shares	16	**4,095,213**
Cost of investment		(2,494,473)
Profit on disposal		**1,600,740**

This represents part disposal of shares in Transcorp Hotels Limited during the year. 763,898,306 shares with a nominal value of N2.49bn was disposed at N5.43. The total proceeds of N4.15bn was used to settle part of the Company's interest-bearing borrowings.

6.3 Investments made by subsidiaries during the year

Trans Afam Power Ltd

Following the emergence of Transcorp Consortium as the core investor in Afam Genco's (Afam Power Plc annd Afam Fast Three Power Limited), a new subsidiary, Trans Afam Power Limited was incorporated in 2020 to execute the takeover and manage of the assets of the Afam Genco. Although, the official ownership takeover took place in 2020, the administrative handover was not finalised until 9 March 2021.

Transcorp Hotels Plc

There was a new investment in subsidiary, Aura by Transcorp Hotels Limited during the year. It was incorporated July 2021 and provides a new platform that connects people to unique accommodation, great food, and memorable experiences.

Transcorp Power Limited

There was no additional investment during the year.

Interests in subsidiaries including consolidated structured entities - Contd'

6.4 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below.

Proportion of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest	
		2021	2020
Transcorp Hotels Plc	Nigeria	23.8 %	16.4 %
Transcorp Power Limited	Nigeria	49.1 %	49.1 %
Trans Afam Power Limited	Nigeria	2.5 %	0.0 %

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	Transcorp Hotels Plc - Group		Transcorp Power Limited		Trans Afam Power Limited	
	2021	2020	2021	2020	2021	2020
Assets	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**
Non-current assets	106,245,806	107,929,396	65,918,561	60,261,865	119,719,593	-
Current assets	9,643,921	4,993,936	89,495,784	92,664,247	3,229,211	-
Total assets	**115,889,727**	**112,923,332**	**155,414,345**	**152,926,112**	**122,948,804**	**-**
Liabilities						
Non-current liabilities	28,039,657	23,526,306	20,590,468	55,977,561	10,525,000	-
Current liabilities	25,629,844	28,294,117	100,817,742	72,412,419	76,676,244	-
Total liabilities	**53,669,501**	**51,820,423**	**121,408,210**	**128,389,980**	**87,201,244**	-
Total net assets	62,220,226	61,102,909	34,006,136	24,536,132	35,747,560	-
Carrying amount of non-controlling interest	**14,833,302**	**10,020,877**	**16,697,013**	**12,047,241**	**877,603**	**-**

Interests in subsidiaries including consolidated structured entities - Contd'

Summarised consolidated and separate statement of profit or loss and other comprehensive income

	Transcorp Hotels Plc - Group		Transcorp Power Limited		Trans Afam Power Limited	
	2021	2020	2021	2020	2021	2020
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Revenue	21,742,192	10,152,244	74,330,710	65,118,677	15,146,434	-
Cost of sales	(5,512,699)	(3,489,474)	(39,711,272)	(38,811,751)	(11,215,970)	-
Other operating income/(loss)	909,383	170,971	123,581	788,737	7,607	-
Impairment (loss)/gain on financial assets	20,224	53,199	(346,932)	(4,223,766)	(204,960)	-
Termination/retirement benefits	-	(2,238,174)	-	-	-	-
Administrative expenses	(11,428,226)	(8,288,927)	(4,551,196)	(2,786,262)	(2,741,887)	-
Finance income	4,299	6,213	1,105,327	407,818	18,603	
Finance cost	(4,072,562)	(5,306,339)	(7,859,832)	(8,495,542)	-	
Profit before tax	**1,662,611**	**-8,940,287**	**23,090,386**	**11,997,911**	**1,009,827**	-
Tax expense	(545,294)	2,664,769	(3,546,935)	(475,762)	-	-
Profit/ (loss) after tax	**1,117,317**	**(6,275,518)**	**19,543,451**	**11,522,149**	**1,009,827**	-
Total comprehensive income	1,117,317	(6,275,518)	19,543,451	11,522,149	1,629,849	-
Profit (loss) allocated to non-controlling interest	**-26,609**	**1,055**	**977,173**	**5,658,527**	**24,791**	-

Summarised consolidated and separate statement of cash flows

	Transcorp Hotels Plc - Group		Transcorp Power Limited		TransAfam Power	
	2021	2020	2021	2020	2021	2020
Cash flows from operating activities	5,674,097	8,374,646	39,409,550	12,288,111	11,304,560	-
Cash flows from investing activities	(837,260)	(1,689,814)	(8,839,173)	(728,530)	(4,736,544)	-
Cash flows from financing activities	(3,447,006)	(7,325,418)	(21,098,890)	(12,799,005)	(3,789,415)	-
Net increase(decrease) in cash and cash equivalents	**1,389,831**	**(640,586)**	**9,471,487**	**(1,239,424)**	**2,778,601**	-

7. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise of loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and bank balances that are derived directly from its operations.

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 finance 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 finance 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.

Classes and categories of financial instruments and their fair values
Categories of financial assets

Group - 2021

	Note(s)	Fair value through other comprehensive income	Amortised cost	Total Carrying Amount
		N'000	N'000	N'000
Investment in finance assets	25	5,411,024	-	5,411,024
Trade and other receivables	29	-	67,981,453	67,981,453
Cash and Bank balance	31	-	14,231,648	14,231,648
		5,411,024	**82,213,101**	**87,624,125**

Group - 2020
Carrying value

	Note(s)	Fair value through other comprehensive income	Amortised cost	Total Carrying Amount
		N'000	N'000	N'000
Investments in finance asset	25	4,175,603	-	4,175,603
Trade and other receivables	29	-	78,635,723	78,635,723
Cash and Bank balance	31	-	3,769,341	3,769,341
		4,175,603	**82,405,064**	**86,580,667**

Company - 2021
Carrying value

Note(s)	Note(s)	Fair value through other comprehensive income	Amortised cost	Total Carrying Amount
		N'000	N'000	N'000
Investments in finance asset	25	3,887,961	-	3,887,961
Trade and other receivables	29	-	35,246,098	35,246,098
Cash and Bank balance	31	-	493,255	493,255
		3,887,961	**35,739,353**	**39,627,314**

7. Financial instruments risk management objectives and policies - Contd'

Company - 2020

	Note(s)	Fair value through other comprehensive income	Amortised cost	Total Carrying Amount
		N'000	N'000	N'000
Investments in finance assets	25	4,175,603	-	4,175,603
Trade and other receivables	29	-	16,762,336	16,762,336
Cash and Bank balance	31	-	1,172,613	1,172,613
		4,175,603	**17,934,949**	**22,110,552**

Categories of financial liabilities

Group - 2021

	Note(s)	Amortised cost	Total Carrying Amount
		N'000	N'000
Trade and other payables	37	126,568,208	126,568,208
Borrowings	26	106,085,744	106,085,744
		232,653,952	**232,653,952**

Group - 2020

	Note(s)	Amortised cost	Total Carrying Amount
		N'000	N'000
Trade and other payables	37	79,610,717	79,610,717
Borrowings	26	119,119,983	119,119,983
		198,730,700	**198,730,700**

Company - 2021

	Note(s)	Amortised cost	Total Carrying Amount
		N'000	N'000
Trade and other payables	37	9,532,734	9,532,734
Borrowings	26	37,501,789	37,501,789
		47,034,523	**47,034,523**

Company - 2020

	Note(s)	Amortised cost	Total Carrying Amount
		N'000	N'000
Trade and other payables	37	10,529,337	10,529,337
Borrowings	26	40,760,508	40,760,508
		51,289,845	**51,289,845**

7. Financial instruments risk management objectives and policies-continued

Capital risk management

For the purpose of the Group's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the finance 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 50% and 70%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

		Group		Company	
		2021	2020	2021	2020
		N'000	N'000	N'000	N'000
Borrowings	26	106,085,744	119,119,983	37,501,789	40,760,508
Trade and other payables	36	126,568,208	79,610,717	9,532,734	10,529,337
Total debt		**232,653,952**	**198,730,700**	**47,034,523**	**51,289,845**
Cash and cash equivalents	31	(14,231,648)	(3,769,341)	(493,255)	(1,172,613)
Net debt		**218,422,304**	**194,961,359**	**46,541,268**	**50,117,232**
Equity		146,292,281	95,425,170	41,704,414	38,964,173
Capital and net debt		364,714,585	290,386,529	88,245,682	89,081,405
Gearing ratio		60 %	67 %	53 %	56 %

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

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

Financial risk management

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 fi nancial institutions, foreign exchange transactions and other financial instruments.

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

7 Financial instruments risk management objectives and policies-continued

Group		2021			2020		
		Gross carrying amount	Credit loss allowance	Net carrying amount	Gross carrying amount	Credit loss allowance	Net carrying amount
		N'000	N'000	N'000	N'000	N'000	N'000
Trade and other receivables	29.3	74,950,903	(6,969,450)	67,981,453	85,419,124	(6,783,401)	78,635,723
Bank balances	32.0	14,200,093	-	14,200,093	3,756,357	-	3,756,357

Company		2021			2020		
		Gross carrying amount	Credit loss allowance	Net carrying amount	Gross carrying amount	Credit loss allowance	Net carrying amount
		N'000	N'000	N'000	N'000	N'000	N'000
Trade and other receivables	29	38,662,414	(3,416,316)	35,246,098	20,178,652	(3,416,316)	16,762,336
Bank balances	32.0	473,893	-	473,893	1,172,511	-	1,172,511

Risk management

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defi ned in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

Liquidity risk

Prudent liquidity risk mangement implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilitiesto meet obligations when due and to close out market management monitors, rolling forecasts of the Group's liquidity reserve and cash and bank balances on the basis of expected cash flows.

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

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

Foreign currency risk

Foreign currency risk is the risk that 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 activites (When revenue or expense is denominated in a foreign currency).

Foreign currency sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Group	2021	2021	2020	2020
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Effect on profit before tax:				
Change in USD rate 2% (2020: 2%)	23,209,166	(23,209,166)	444,052	(444,052)
Change in GBP rate 2% (2020: 2%)	380,511	(380,511)	1,368	(1,368)
	23,589,677	**(23,589,677)**	**445,420**	**(445,420)**

7. Financial instruments risk management objectives and policies-continued

Company	2021	2021	2020	2020
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Effect on profit before tax:				
Change in USD rate 2% (2020: 2%)	**445,245**	**(445,245)**	**14**	**(14)**

This is mainly attributable to the exposure outstanding on receivables and payables in the Group at the reporting date. The Group's sensitivity to foreign currency has increased during the current year mainly due to the additional loans and borrowing denominated in USD. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a finance instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is been reduced since the Group's long-term debt obligations are fixed interest rates.

Equity price risk
The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to equity investments at fair value listed on the Nigeria Exchange Group (NGX) was N5,411,024,000 (31 December, 2020: N4,175,603,000). The changes in fair values of the equity investments held are strongly positively correlated with changes of the NGX market index. The Group has determined that an increase/(decrease) of 5% on the NSE market index could have an impact of approximately N287,642,000 (31 December, 2020: N427,909,827) increase/ (decrease) on the income and equity attributable to the Group.

Market risk
Market risk is the risk that the fair value or future cash flows of a finance instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits and loans and borrowings.

7. Financial instruments risk management objectives and policies-continued

7.1 Expected credit loss measurement - other financial assets

The Company 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 signi cant 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 PD, LGD and 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 finance assets including information about their impairment allowance are disclosed below respectively.

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

7.1a Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3 Significant accounting judgements, estimates and assumptions. 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 experts 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.

7. Financial instruments risk management objectives and policies-continued

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.

Group and Company 31 December, 2021

Key drivers	ECL scenario	Assigned probabilities	2022	2023	2024
Oil price	Upturn	50 %	55.61	57.07	57.07
	Base	50 %	42.44	42.44	54.96
	Downturn	0 %	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 %	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	Upturn	50 %	55.61	57.07	57.07
	Base	50 %	42.44	54.96	54.96
	Downturn	0 %	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 %	0.11	0.11	0.11
	Base	83 %	0.12	0.12	0.12
	Downturn	17 %	0.12	0.12	0.12

7. Financial instruments risk management objectives and policies

7.1b The following tables outline the impact of multiple scenarios on the allowance:

	Group			Company		
31-Dec-21	**Short-term deposits**	**Other receivables**	**Total**	**Short-term deposits**	**Other receivables**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Upside (10%)	-	-	-	-	284,923	284,923
Base (82%)	-	-	-	-	2,336,369	2,336,369
Downturn (8%)	-	-	-	-	227,938	227,938
	-	**-**	**-**	**-**	**2,849,230**	**2,849,230**

	Group			Company		
31-Dec-20	**Short-term deposits**	**Other receivables**	**Total**	**Short-term deposits**	**Other receivables**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Upside (10%)	-	56,708	56,708	-	341,632	341,632
Base (80%)	-	465,011	465,011	-	2,801,379	2,801,379
Downturn (10%)	-	45,367	45,367	-	273,305	273,305
	-	**567,086**	**567,086**	**-**	**3,416,316**	**3,416,316**

7.1c An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Group		Co	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Intercompany and other receivables	3,530,543	4,397,492	20,178,652	18,476,560
Gross carrying amount as at 1 January				
Repayment/Asset derecognised	(3,530,543)	(866,949)	16,782,423	1,702,092
At 31 December	**-**	**3,530,543**	**36,961,075**	**20,178,652**

7. Financial instruments risk management objectives and policies

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
ECL allowance as at 1 January	567,086	567,086	3,416,316	3,606,498
Charged for the year	-	-	-	-
Asset derecognised or repaid (excluding write offs)	-	-	-	-190,182
At 31 December	**567,086**	**567,086**	**3,416,316**	**3,416,316**

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Short-term deposits				
Gross carrying amount as at 1 January	543,074	1,727,116	544,639	544,639
Additions		-		
Asser derecognised or repaid (excluding write offs)		(1,184,042)		
At 31 December	**543,074**	**543,074**	**543,074**	**544,639**
ECL allowance as at 1 January	-	5,898	-	5,898
Charged for the year				
Asset derecognised or repaid (excluding write offs)	-	(5,898)	-	-5,898
At 31 December	**-**	**-**	**-**	**-**

7. Financial instruments risk management objectives and policies

Excessive risk concentration

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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.

The table below summarises the maturity profie of the Group's financial liabilities based on contractual undiscounted payments:

Group Year ended 31 December, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	-	-	55,387,033	50,698,711	-	106,085,744
Trade and other payables	-	-	135,077,249	-	-	135,077,249
	-	**-**	**190,464,282**	**50,698,711**	**0**	**241,162,993**

Group Year ended 31 December, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	-	-	15,917,655	103,202,328	0	119,119,983
Trade and other payables	-	-	80,192,318	-	-	80,192,318
	-	**-**	**96,109,973**	**103,202,328**	**0**	**199,312,301**

Company Year ended 31 December, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	-	-	23,842,510	13,659,279	0	37,501,789
Trade and other payables	-	-	9,913,480	0	-	9,913,480
	-	**-**	**33,755,990**	**13,659,279**	**0**	**47,415,269**

7. Financial instruments risk management objectives and policies

Company Year ended 31 December, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	-	-	6,688,079	34,072,429	0	40,760,508
Trade and other payables	-	-	10,601,733	-	-	10,601,733
	-	**-**	**17,289,812**	**34,072,429**	**0**	**51,362,241**

Changes in liabilities arising from financing activities

Group	1 January, 2021	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2021
		N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Current interest-bearing **Loans and Borrowings**	15,917,655	-	56,982,521	(17,513,143)	-	-	55,387,033
Non-current interest bearing loans and borrowings	103,202,328	34,209,847	(49,346,197)	-	-	(37,367,267)	50,698,711
Dividend payable	2,582,674	-	-	-	(2,582,674)	3,037,132	3,037,132
Deferred income	1,305,535	1,424,170	-	-	-	(273,168)	2,456,537
Total liabilities from financing activities	**123,008,192**	**35,634,017**	**7,636,324**	**(17,513,143)**	**(2,582,674)**	**(34,603,303)**	**111,579,413**

Group	1 January, 2020	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2020
		N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Current interest-bearing loans and borrowings	21,633,309	-	-	(672,439)	-	(5,043,215)	15,917,655
Non-current interest-bearing loans and borrowings	92,222,833	62,164,565	(56,745,416)	-	-	5,560,346	103,202,328
Dividend payable	2,474,314	-	-	-	(2,928,772)	3,037,132	2,582,674
Deferred income	1,281,976	23,559	-	-	-	-	1,305,535
Total liabilities from financing activities	**117,612,432**	**62,188,124**	**(56,745,416)**	**(672,439)**	**(2,928,772)**	**3,554,263**	**123,008,192**

7. Financial instruments risk management objectives and policies

Company	1 January, 2021	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2021
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Current interest-bearing loans and borrowings	6,688,079	0	(5,101,688)	-	-	22,256,119	23,842,510
Non-current interest bearing loans and borrowings	34,072,429	3,680,834	(4,040,522)	-	-	(20,053,462)	13,659,279
Dividend payable	-	-	-	-	-	-	-
Total liabilities from financing activities	**40,760,508**	**3,680,834**	**(9,142,210)**	**-**	**-**	**2,202,657**	**37,501,789**

Company	1 January, 2020	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2020
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Current interest-bearing loans and borrowings	577,995	-	-	-	-	6,110,084	6,688,079
Non-current interest-bearing loans and borrowings	18,542,201	25,680,834	(4,040,522)	-	-	(6,110,084)	34,072,429
Dividend payable	-	-	-	-	(406,480)	406,480	-
Total liabilities from financing activities	**19,120,196**	**25,680,834**	**(4,040,522)**	**-**	**(406,480)**	**406,480**	**40,760,508**

8 Fair value measurement

Fair value hierarchy

Fair value measurement hierarchy for assets as at 31 December, 2021:

		Fair value measurement			
Group **Asset measured at fair value:**	**Date of valuation**	**Total**	**Quoted prices in active mar- kets (Level 1)**	**Significant ob- servable inputs (Level 2)**	**Significant unob- servable inputs (Level 3)**
		N'000	**N'000**	**N'000**	**N'000**
Investment properties (Note 22)	31 December, 2021	2,194,000	-	-	2,194,000
Listed equity investments (Note 26)	31 December, 2021	3,887,961	3,887,961	-	-

There were no transfers between Level 1 and Level 2 during 31 December, 2021.

Fair value measurement heirarchy for liabilities as at 31 December, 2021.

		Fair value measurement			
Liabilities for which fair values are disclosed (Note 26)	**Date of valu- ation**	**Total**	**Quoted prices in active markets**	**Significant observable inputs (Level 2)**	**Significant unob- servable inputs (Level 3)**
		N'000	**N'0**	**N'000**	**N'000**
		-	-	-	-
The Group Interest-bearing loans and borrowings:	31 December, 2021	106,085,744	-	106,085,744	-
		-	-	-	-
The Company Interest-bearing loans and borrowings:	31 December, 2021	37,501,789	37,501,789	-	-

There were no transfers between Level 1 and Level 2 during 31 December, 2021.

Fair value measurement hierarchy for liabilities as at 31 December, 2020

Company Assets measured at fair value:	Date of valuation	Fair value measurement Total	Quoted prices in active markets (Level	Significant observable inputs	Significant unobservable inputs
		N'000	N'0	N'000	N'000
Investment properties (Note 22)	31-Dec-20	2,047,900	-	-	2,047,900
Listed equity investments (Note 25)	31-Dec-20	4,175,603	4,175,603	-	-

There were no transfers between Level 1 and Level 2 during 2020.

Fair value measurement hierarchy for liabilities as at 31 December, 2020

Liabilities for which fair values are disclosed (Note 26)	Date of valuation		Fair value measurement Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level	Significant unobservable inputs (Level
			N'000	N'000	N'000	N'000
The Group		-	-	-	-	-
Interest-bearing loans and borrowings(note 26):	31-Dec-20		119,119,983	-	119,119,983	-
The Company		-	-	-	-	-
Interest-bearing loans and borrowings(note 26):	31-Dec-20		40,760,508	-	40,760,508	-

There were no transfers between Level 1 and Level 2 during 2020.

8. 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.

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.

9. Revenue

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

31-Dec-21	Hospitality	Power	Corporate Centre (Company)	Total
	N '000	N '000	N '000	N '000
Rooms	14,085,653	-	-	**14,085,653**
Food and beverages	6,470,388	-	-	**6,470,388**
Shop rental	823,269	-	-	**823,269**
Electric energy and capacity	-	89,477,144	-	**89,477,144**
Ancillary services	108,153	-	-	**108,153**
Other operating revenue	254,729	-	-	**254,729**
Total revenue from contracts with customers	**21,742,192**	**89,477,144**	**-**	**111,219,336**
Other revenue				
Dividend income	-	-	5,127,383	**5,127,383**
Total revenue	**21,742,192**	**89,477,144**	**5,127,383**	**111,219,336**
Timing of revenue recognition				
Goods transferred at a point in time	6,470,388	-	-	**6,470,388**
Services transferred over time	15,271,804	89,477,144	-	**104,748,948**
Total revenue from contracts with customers	**21,742,192**	**89,477,144**	**-**	**111,219,336**

Set out below, is the reconciliation of the revenue with the amounts disclosed in the segment information (Note 5):

	Hospitality	Power	Corporate Centre (Company)	Total
Revenue	N '000	N '000	N '000	N '000
External customer	21,742,192	89,477,144	-	**111,219,336**
Inter-segment	-	-	5,127,383	**5,127,383**
	21,742,192	**89,477,144**	**5,127,383**	**116,346,719**
Inter-segment adjustments and eliminations	-	-	(5,127,383)	**(5,127,383)**
Total revenue	**21,742,192**	**89,477,144**	**-**	**111,219,336**

31-Dec-20	Hospitality	Power	Corporate Centre (Company)	Total
	N '000	N '000	N '000	N '000
Rooms	6,502,452	-	-	**6,502,452**
Food and beverages	2,593,847	-	-	**2,593,847**
Shop rental	693,794	-	-	**693,794**
Electric energy and capacity	-	65,036,798	-	**65,036,798**
Ancillary services	-	81,879	-	**81,879**
Other operating revenue	362,151	-	-	**362,151**
Total revenue from contracts with customers	**10,152,244**	**65,118,677**	**-**	**75,270,921**
Other revenue				
Dividend income	-	-	2,725,533	**2,725,533**
Total revenue	**10,152,244**	**65,118,677**	**2,725,533**	**77,996,454**

9 Revenue-Continued

	Hospitality	Power	Corporate Centre (Company)	Total
Timing of revenue recognition	**N '000**	**N '000**	**N '000**	**N '000**
Goods transferred at a point in time	2,593,847	-	-	**2,593,847**
Services transferred over time	7,558,397	65,118,677	-	**72,677,074**
Total revenue from contracts with customers	**10,152,244**	**65,118,677**	**-**	**75,270,921**

Set out below, is the reconciliation of the revenue with the amounts disclosed in the segment information (Note 5):

	Hospitality	Power	Corporate Centre (Company)	Total
Revenue	**N '000**	**N '000**	**N '000**	**N '000**
External customer	10,152,244	65,118,677	-	**75,270,921**
Inter-segment	-	-	2,725,533	**2,725,533**
	10,152,244	**65,118,677**	**2,725,533**	**77,996,454**
Inter-segment adjustments and eliminations	-	-	(2,725,533)	**(2,725,533)**
Total revenue	**10,152,244**	**65,118,677**	**-**	**75,270,921**

10. Cost of sales

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N '000	**N '000**	**N '000**	**N '000**
Room	1,834,155	1,300,823	-	-
Food and beverages	3,495,250	2,060,767	-	-
Natural gas and fuel costs	41,939,331	33,003,401	-	-
Direct materials and related expenses	1,184,826	760,606	-	-
Employee costs	769,610	696,451	-	-
Depreciation and impairment	4,016,646	3,050,117	-	-
Repairs and maintenance	2,243,218	1,060,469	-	-
Insurance	280,873	240,708	-	-
Other expenses	676,032	127,884	-	-
	56,439,941	**42,301,226**	**-**	**-**

11. Other gains or losses

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Management fees from subsidiaries	-	-	1,973,527	998,721
Change in fair value of investment properties	146,100	-	146,100	-
Dividend income on equity securities	238,853	421,250	238,853	421,250
Rental income on investment property	20,000	20,000	20,000	20,000
Key money	152,825	157,970	-	-
Withholding tax refund (Note 11.1)	-	1,613,671	-	1,613,671
Discount received on loan repayment (Note11.2)	735,000	-	-	-
Deferred income(Note 34)	273,168	253,488	-	-
Profit from disposal of assets	25,798	2,815	339	-
Profit from disposal of shares (Note 11.3)	1,600,740	-	1,600,740	-
Net foreign exchange (loss)/gain	(784,866)	(630,408)	(3,133)	-
Other income	236,424	756,093	29,602	-
	2,644,042	**2,594,879**	**4,006,028**	**3,053,642**

11. Other gains or losses-Continued

11.1 For the year ended 2020, the Group and Company recognised a withholding tax refund of N1.6billion which relates to WHT initially deducted from dividend received from Transcorp Power Limited when the Company was under the pioneer status and provision of N607million no longer required from components within Group.

11.2 During the year, the $5mn loan being owed by Transcorp Hotels Plc to Hilton Worldwide was repaid at a discount of 35% granted to Transcorp Hotels Plc in favour of our request precipitated by losses incurred during the COVID-19 pandemic and the depreciated forex situation at the time of repayment.

11.3 For the year ended 2021, the Company recognised profit from disposal of shares of N1.6b from the sale of 763,898,306 units of Transcorp Hotels Plc's ordinary shares at a price of N5.43.

12. Finance income

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Financial instruments measured at amortised cost				
Interest income				
Interest on debt instrument	23,063	-	-	-
Interest on loan	255,092	409,205	1,081,206	1,163,714
Interest on bank deposits	5,771	6,213	716	-
Total finance income	**283,926**	**415,418**	**1,081,922**	**1,163,714**

13. Finance cost

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Interest on loans and borrowings	12,310,625	14,889,299	4,486,583	3,291,716
Lease liabilities interest	13,977	-	13,977	-
Net foreign exchange losses on foreign currency borrowings	3,002,720	1,904,485	-	-
Total finance costs	**15,327,322**	**16,793,784**	**4,500,560**	**3,291,716**
Finance cost for Cashflow	**15,313,345**	**16,793,784**	**4,486,583**	**3,291,716**

14. Employee costs

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Direct employee costs				
Wages and salaries	2,247,436	2,068,293	-	-
Pension costs	70,717	164,769	-	-
	2,318,153	**2,233,062**	**-**	**-**
Indirect employee costs				
Wages and salaries	3,001,937	2,084,257	293,784	211,100
Pension costs	101,280	49,810	14,325	12,139
	3,103,217	**2,134,067**	**308,109**	**223,239**
Total employee costs				
Direct employee costs	2,318,153	2,233,062	-	-
Indirect employee costs	3,103,217	2,134,067	308,109	223,239
	5,421,370	**4,367,129**	**308,109**	**223,239**

14. Employee Costs -Continued

Average number of persons employed during the year

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	**Number**	**Number**	**Number**
Managerial	44	56	6	6
Senior staff	196	256	9	6
Others	1,134	646	5	3
	1,374	**958**	**20**	**15**

The table shows the numbers of employees (excluding directors) whose earnings during the year fell within the ranges shown below:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	**Number**	**Number**	**Number**
N500,000 - N1,000,000	478	241	0	0
N1,000,000 - N2,000,000	112	405	1	3
N2,000,001 - N4,000,000	471	248	2	3
N4,000,001 - N5,000,000	138	8	1	2
N5,000,000 and above	175	56	16	7
	1374	**958**	**20**	**15**

Staff costs for the above persons (excluding Directors):

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Salaries and wages	5,249,373	2,666,168	293,784	211,100
Pension cost	171,997	164,350	14,325	12,139
	5,421,370	**2,830,518**	**308,109**	**223,239**

14.1 Compensation of Managers

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Salaries and short-term employee benefits	496,856	483,395	58,757	88,297
Defined contributions	28,230	25,749	2,865	4,116
	525,086	**509,144**	**61,622**	**92,413**

Managers excludes Directors (Executive and Non-Executive). The compensation paid or payable to Managers for services is as shown above. The number of Managers of the Group (including the highest paid Manager) whose remuneration, excluding pension contributions, in respect of services to the Group is within the following range:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	**Number**	**Number**	**Number**
Less than N10,000,000	22	24	-	-
Over N10,000,000	23	56	6	6
	45	**80**	**6**	**6**

14.2 Termination/Retirement Benefits

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Termination/retirement benefits	-	2,238,174	-	-

15. Administrative expenses

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Employee costs (Note 14)	3,103,217	2,134,067	308,109	223,239
Depreciation (Note 20)	2,639,855	2,760,328	7,359	7,397
Depreciation of Right of use Assets	57,515	58,056	57,515	58,056
Amortisation of Computer Software (Note 24)	24,971	24,593	-	-
Auditors remuneration	134,291	91,880	29,500	27,200
Marketing, sales and advertisement	666,364	135,077	14,077	4,799
Bank charges	876,167	241,398	31,544	12,765
Group services and benefits	417,666	192,947	-	-
Professional fees	1,236,971	398,981	597,549	214,948
Donations	3,786	1,426	-	-
Directors renumeration	737,235	573,168	283,005	245,995
Corporate social responsibility	509,411	292,394	-	-
Management fees*	1,219,071	496,377	-	-
Insurance	437,160	444,154	17,394	23,675
Telecommunications and IT expenses	158,994	118,332	-	-
Rents and rates	24,572	5,105	1,008	-
Energy cost	1,700,122	979,686	24,795	12,233
Repairs and maintenance	1,030,749	612,689	12,562	9,735
License and fees	172,894	29,738	35,195	29,738
Security	319,220	141,915	1,627	1,440
Travel, logistics and accommodation	442,772	239,274	90,410	88,037
Bad debt written off	861,524	46,649	-	-
Medical	93,671	296,429	-	-
Printing and Stationary	42,242	9,524	-	-
Other administrative expenses	1,794,521	1,059,236	180,971	227,831
Total administrative expenses	**18,704,961**	**11,383,423**	**1,692,620**	**1,187,088**

*Management fees are made up of Base Management Fees payable to Hilton International at 1.5% of Revenue, Incentive Fee based on an accelerated rate schedule applied on the 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 Transcorp Hotels Plc.

16. Impairment loss/(gain) on financial assets

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Trade receivables (Note 29.5)	182,795	3,960,738	-	-
Short term deposit (Note 7.1c)	-	(5,898)	-	(5,898)
Related party and other receivables (Note 7.1c)	-	-	-	(190,182)
Other write-off/(write-back)	-	1,180	-	(6,238)
	182,795	**3,956,020**	**-**	**(202,318)**

17. Income tax

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Current tax expense				
Current income/minimum tax charge	2,552,144	197,486	75,051	5,490
Tertiary education tax charged	715,259	409,470	-	-
Capital gain tax	-	197	-	-
	3,267,403	**607,153**	**75,051**	**5,490**
Tax on franked investment income	-	-	512,738	272,553
Deferred tax:				
Origination and reversing temporary differences	899,699	(2,790,670)	-	-
Tax expense/(credit) in the statement of profit or loss	**4,167,102**	**(2,183,517)**	**587,789**	**278,043**

Reconciliation of the tax expense

		Group		Company
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Accounting profit before income tax	27,998,554	1,608,591	4,022,153	2,666,403
At Nigeria's statutory income tax rate of 30% (2020: 30%)	8,399,566	482,577	1,206,646	799,921
Tax effect of adjustments on taxable income				
Education tax	715,259	402,003	-	-
Capital gain tax	-	197	-	-
Non-deductible for tax purposes	572,618	188,859	-	-
Tax on franked investment income	512,738	-	512,738	272,553
Income not subjected to tax	(2,865,429)	(867,518)	(1,111,181)	(742,056)
Other non-deductible expenses	(3,167,651)	(2,389,635)	(20,414)	(52,375)
Income tax expense reported in profit or lo	**4,167,102**	**(2,183,517)**	**587,789**	**278,043**
Effective tax rate	15%	(136)%	15%	10%

17.1 Current tax payable

		Group		Company
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
As of 1 January	1,268,091	1,538,799	218,525	229,428
Income tax expense during the year	3,267,403	607,153	75,051	5,490
Payment during the year:	(889,782)	(877,861)	(5,489)	(16,393)
As of 31 December	**3,645,712**	**1,268,091**	**288,087**	**218,525**

18. Deferred tax

Deferred tax relates to the following:

		Group		Company
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Deferred tax liability	6,724,181	6,348,802	-	-
Deferred tax asset	(792,202)	(1,316,522)	-	-
Total net deferred tax liability	**5,931,979**	**5,032,280**	**-**	**-**

18. Deferred tax-Continued

Reconciliation of deferred tax asset / (liability)

	Group			
	Statement of financial position		Statement of profit or loss	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Accelerated depreciation for tax purposes	16,180,719	20,127,948	(3,947,229)	(285,303)
Unrealised FX losses	(977,666)	(571,529)	(406,137)	(678,427)
Expected credit losses of debt financial assets	(2,231,655)	(1,915,156)	(316,499)	(1,237,774)
Losses available for offsetting against future taxable income	(7,039,419)	(12,608,983)	5,569,564	(589,166)
	5,931,979	**5,032,280**	**899,699**	**(2,790,670)**

Deferred tax recognition - Group

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax recognition - Company

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The Company has not recognised deferred tax assets in respect of deductible temporary differences as it is not probable that taxable profits will be available in future for utilisation. The tax rate applicable to this deductible temporary differences is 30% based on the relevant tax laws. Accordingly, deductible temporary difference and unutilised tax losses for which deferred taxes were not recognised totaled N43.3 billion and N7 billion as at 31 December, 2021 and 2020 respectively while deferred tax assets of N13.5 billion and N3.15 billion were not recognised for the year ended 31 December, 2021 and 2020 respectively.

19. Earnings/(Loss) per share (EPS)

Basic EPS is calculated by dividing the profit 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	
	2021	2020	2021	2020
Profit attributable to ordinary equity holders of the parent for basic earnings (N'000)	13,964,329	(862,036)	3,434,364	2,388,360
Average number of ordinary shares for basic EPS (thousands)	40,647,992	40,647,992	40,647,992	40,647,992
Basic Earnings/(Loss) per share (Kobo)	**34**	**(2)**	**8**	**6**
Basic Earnings/(Loss) per share (Kobo)	**34**	**(2)**	**8**	**6**

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.

20. Property, plant and equipment

Reconciliation of property, plant and equipment - Group

	Land N'000	Buildings N'000	Plant and machinery N'000	Computer and office equipments N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 January, 2020	37,739,649	50,176,927	69,105,406	18,099,942	787,206	10,214,460	186,123,590
Additions	-	1,905	768,810	287,341	61,180	1,298,262	2,417,498
Disposals	-	-	-	(1,222)	-	-	(1,222)
Reclassifications	-	2,101,185	255,271	-	-	(2,356,456)	-
At 31 December, 2020	**37,739,649**	**52,280,017**	**70,129,487**	**18,386,061**	**848,386**	**9,156,266**	**188,539,866**
Transfer of cost of assets from Trans Afam Power Liimted	1,784,600	2,748,017	109,199,600	85,766	8,100	-	113,826,083
Additions	-	155,794	4,704,440	393,307	119,587	10,135,489	15,508,617
Disposals	-	-	-	-	(105,227)	-	(105,227)
At 31 December, 2021	**39,524,249**	**55,183,828**	**184,033,527**	**18,865,134**	**870,846**	**19,291,755**	**317,769,339**
Accumulated depreciation							
At 1 January, 2020	-	3,880,914	19,418,914	3,749,484	601,224	-	27,650,536
Depreciation for the year	-	1,096,695	3,340,126	1,263,148	52,420	-	5,752,389
Disposals	-	-	-	(848)	-	-	(848)
At 31 December, 2020	**-**	**4,977,609**	**22,759,040**	**5,011,784**	**653,644**	**-**	**33,402,077**
Depreciation for the year	-	1,167,993	4,230,263	1,189,694	68,550	-	6,656,500
Disposals	-	0	0	-	(105,227)	-	(105,227)
Write-off	-	-	-	(628)	0	-	(628)
At 31 December, 2021	**-**	**6,145,602**	**26,989,303**	**6,200,850**	**616,967**	**-**	**39,952,722**
Carrying amount							
At 31 December, 2020	**37,739,649**	**47,302,408**	**47,370,447**	**13,374,277**	**194,742**	**9,156,266**	**155,137,789**
At 31 December, 2021	**39,524,249**	**49,038,226**	**157,044,224**	**12,664,284**	**253,879**	**19,291,755**	**277,816,617**

20. Property, plant and equipment-Continued

Reconciliation of property, plant and equipment - Company

	Buildings N'000	Plant and machinery N'000	Computer and office equipment N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost						
At 1 January, 2020	28,862	8,771	71,790	15,273	-	124,696
Additions	-	-	1,922	280	-	2,202
At 31 December, 2020	**28,862**	**8,771**	**73,712**	**15,553**	**-**	**126,898**
Additions	7,504	-	6,843	-	23,558	37,905
At 31 December, 2021	**36,366**	**8,771**	**80,555**	**15,553**	**23,558**	**164,803**
Depreciation						
At 1 January, 2020	28,801	2,994	59,184	8,545		99,524
Depreciation for the year	61	772	4,652	1,912		7,397
At 31 December, 2020	**28,862**	**3,766**	**63,836**	**10,457**	**-**	**106,921**
Depreciation for the year	313	769	4,437	1,840	-	7,359
Write off	-	-	(628)	-	-	(628)
At 31 December, 2021	**29,175**	**4,535**	**67,645**	**12,297**	**-**	**113,652**
Carrying amount						
At 31 December, 2020	**-**	**5,005**	**9,876**	**5,096**	**-**	**19,977**
At 31 December, 2021	**7,191**	**4,236**	**12,910**	**3,256**	**23,558**	**51,151**

20. Property, plant and equipment-continued

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Depreciation is allocated as follows:				
Cost of sales	4,016,646	3,050,117	-	-
Administrative expenses	2,639,855	2,702,272	7,359	7,397
	6,656,501	**5,752,389**	**7,359**	**7,397**

As at 31 December, 2021, there is a negative pledge over the Group's property, plant and equipment and floating assets, given in relation to the Group's borrowings. (2020: Nil).

The Group and Company has no future cash outflows relating to leases that have not yet commenced.

21. Right of Use Assets (Group as Lessee)

	Group	Company
	Buildings	**Buildings**
	N '000	**N '000**
Cost		
At 1 January 2020	179,005	179,005
Additions	-	-
At 31 December 2020	**179,005**	**179,005**
Additions	283,146	283,146
At 31 December 2021	**462,151**	**462,151**
Depreciation		
At 1 January 2020	**58,056**	**58,056**
Depreciation	58,056	58,056
At 31 December 2020	**116,112**	**116,112**
Depreciation	57,515	57,515
At 31 December 2021	**173,627**	**173,627**
Carrying amount		
At 31 December 2020	**62,893**	**62,893**
At 31 December 2021	**288,524**	**288,524**

22. Investment properties

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	2,047,900	2,047,900	2,047,900	2,047,900
Net gain from fair value remeasurement	146,100	-	146,100	-
At 31 December	**2,194,000**	**2,047,900**	**2,194,000**	**2,047,900**

22. Investment properties - Continued

Investment properties relates to the 4,876.151 square metres of fenced expanse of land at No.2, Rumens Road, off Alfred Rewane Road, Ikoyi Lagos State.

As at 31 December, 2021, the fair values of the properties are based on valuations performed by Eleh Chukwuemeka Daniel - FRC/2015/NIESV/00000013406 of Ubosi Eleh & Co. Estate Surveyors & Valuers - FRC/2015/NIESV00000013406, an accredited independent valuer. Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss are recognised in the profit ot loss account.

Rental income derived from investment properties during the year amounts to N20 million (2020: N20 million).

Reconciliation of investment property - Group and Company

	Investment property N'000
Cost	
At 1 January, 2020	2,047,900
Fair value remeasurement	-
At 31 December, 2020	**2,047,900**
Fair value remeasurement gain	146,100
At 31 December, 2021	**2,194,000**

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

Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	
		2021	**2020**
Land - market comparison method (refer below)	Estimated rental value per sqm per meter	693	693
	Rent growth p.a.	20%	20%
	Average land value per square meter	420,000	420,000

22. Investment properties - Continued

The comparison method of valuation was used to arrive at the fair value of the land. This method involved analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately in arriving at the value.

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.

23. Goodwill

Reconciliation of goodwill - Group

	Goodwill N'000
Cost	
At 1 January, 2020	30,934,143
Additions on acquisition of a subsidiary	-
At 31 December, 2020	**30,934,143**
Additions on acquisition of a subsidiary	-
At 31 December, 2021	**30,934,143**
Accumulated impairment losses	
At 1 January, 2020	-
Impairment losses for the year	-
At 31 December, 2020	-
Impairment losses for the year	-
At 31 December, 2021	**-**
Carrying amount	
At 31 December, 2020	**30,934,143**
At 31 December, 2021	**30,934,143**

Goodwill has been allocated to the following Cash Generating Units (CGUs):

	Group		**Company**	
	2021 N'000	**2020 N'000**	**2021 N'000**	**2020 N'000**
Carrying amount of goodwill				
Transcorp Power Limited (TPL)	9,701,190	9,701,190	-	-
Transcorp Hotels Plc (THP)	21,232,953	21,232,953	-	-
Total carrying amount of goodwill	**30,934,143**	**30,934,143**	**-**	**-**

In assessing goodwill for impairment at 31 December, 2021, the Group compared the recoverable amount of the net assets of the CGU to its respective carrying amounts. Based on the results of the impairment evaluation described below, the recorded goodwill was not impaired as the recoverable amount of the subsidiary exceeded the carrying value.

23. Goodwill and intangible assets with indefinite useful lives - Continued
Transcorp Power Limited CGU

The recoverable amount of Transcorp Power Limited CGU, N129,532,752,000 as at 31 December 2021, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projections is 15.5% (2020: 16%) and cash flows beyond the five-year period are extrapolated using a 3.5% growth rate (2020: 2.5%) that is the same as the long-term average growth rate for the power industry. It was concluded that the recoverable amount exceeded the carrying amount N34bn. As a result of this analysis, no impairment charge has been recognised by management.

Transcorp Hotels Plc CGU

In assessing goodwill for impairment, the Group compared the recoverable amount of the net assets of the Cash Generating Unit (GCU) to its respective carrying amounts. Recoverable amount has been determined based on the fair value of Net Assets less costs of disposal.

Basis of valuation

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

*a willing buyer;

*a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;

*values will remain static throughout the period;
*the property will be freely exposed to the market;
*no account is to be taken of an additional bid by a special purchaser;
*no account is to be taken of expenses of realization, which may arise in the event of a disposal.

Method of valuation

As at 31 December 2021, the fair values of the Property. Plant and Equipment (PPE) of Transcorp Hotel Plc has been determined by Mr.Chukwudi Ubosi of Ubosi with while the fair value of the other assets and liabilities have been determined based on the carrying amounts, which are same as the fair FRC/2014/NIES0000003997 Eleh & Co. Estate Surveyors & Valuers, an accredited independent valuer, values.

The following factors were considered in valuing the assets of the subsidiary:

- total economic working life of the item in question;
- age and remaining economic life of the item;
- the degree of physical deterioration and obsolescence of the item;
- work load to which the item is subjected;
- current cost of the item including installation, freight and insurance charges where applicable.

The recoverable amount N74,787,893,571 (2020:N137,764,764,425) exceeded the carrying amount N63,557,940,365 (2020:N72,321,095,215).

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. No impairment charge has been recognised by Management.

23. Goodwill and intangible assets with indefinite useful lives - Continued

Analysis of values	**Transcorp Hotels Plc**	
	2021	**2020**
The fair value has been determined as follows:	**N'000**	**N'000**
Net Fair Value	**103,366,726**	**173,443,110**
% Holding by TNC in THP – 76.16% (2020:83.62%)	**78,724,099**	**145,015,783**
Less: Costs of disposal at 5%	(3,936,205)	(7,250,789)
Fair value of net assets less cost of disposal	74,787,894	137,764,994
Recoverable amount attributable to TNC	**74,787,894**	**137,764,764**
Carrying Value:		
Net asset as at 31 December	62,220,227	61,102,909
Goodwill as at 31 December	21,232,953	21,232,953
	83,453,180	**82,335,862**
% Holding by TNC in THP – 76.16% (2020:83.62%)	**63,557,942**	**72,321,095**

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

Transcorp Hotels Plc

	2021	**2021**	**2020**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
	Increase	**Increase**	**Increase**	**Decrease**
Net Fair Value of Assets	78,724,099	78,724,099	145,015,783	145,015,783
Cost of Disposal	-5,510,687	-1,574,482	-10,151,105	-4,350,473
Recoverable Amount	**73,213,412**	**77,149,617**	**134,864,678**	**140,665,310**

24. Intangible assets

Intangible assets - Group

	Computer software	**OPL, exploration and evaluation**	**Exploration & evaluation expenditure**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cost				
At 1 January, 2020	314,050	5,075,818	5,031,292	10,421,160
Additions	12,443	-	-	12,443
At 31 December, 2020	**326,493**	**5,075,818**	**5,031,292**	**10,433,603**
Additions	68,748	-	-	68,748
At 31 December, 2021	**395,241**	**5,075,818**	**5,031,292**	**10,502,351**
Amortisation and impairment				
At 1 January, 2020	(187,070)	-	-	(187,070)
Amortisation	(24,593)	-	-	(24,593)
At 31 December, 2020	**(211,663)**	**-**	**-**	(211,663)
Amortisation	(24,973)	-	-	(24,973)
At 31 December, 2021	**(236,636)**	**-**	**-**	**(236,636)**
Carrying amount				
At 31 December, 2020	**114,830**	**5,075,818**	**5,031,292**	**10,221,940**
At 31 December, 2021	**158,605**	**5,075,818**	**5,031,292**	**10,265,715**

Intangible assets - Company

	Computer software	**Oil prospecting license (OPL)**	**Total**
	N'000	**N'000**	**N'000**
Cost			
At 1 January, 2020	12,966	5,075,818	5,088,784
Additions	-	-	**-**
At 31 December, 2020	**12,966**	**5,075,818**	**5,088,784**
Additions	-	-	**-**
At 31 December, 2021	**12,966**	**5,075,818**	**5,088,784**

24. Other intangible assets - Continued

Amortisation			
At 1 January, 2020	(12,966)	-	**(12,966)**
Amortisation	-	-	**-**
At 31 December, 2020	**(12,966)**	**-**	**(12,966)**
Amortisation	-	-	**-**
At 31 December, 2021	**(12,966)**	**-**	**(12,966)**
Carrying amount			
At 31 December, 2020	**-**	**5,075,818**	**5,075,818**
At 31 December, 2021	**-**	**5,075,818**	**5,075,818**

Other information

The Production Sharing Contract between Transcorp and the Nigerian National Petroleum Corporation was signed by the Federal Government of Nigeria on 2 May 2014.

Per the agreement, the exploration period is for 5 years after which the OPL converts to an Oil Mining License for a period of 20 years. Amortisation of the OPL cost will commence when it has been determined that commercial quantity of crude can be produced from the oil field and mining commences.

All expenditure related to the exploration and evaluation activites were capitalised during the year. Mining is projected to commence December 2023.

25. Investment in financial assets

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Equity investments at fair value through other comprehensive income				
Investments, excluding debt instruments, held by the Group which measured at fair value through other comprehensive income are as follows:				
At 1 January	4,175,603	3,450,970	4,175,603	3,450,970
Movement in other comprehensive income for current period	(287,642)	724,633	(287,642)	724,633
	3,887,961	**4,175,603**	**3,887,961**	**4,175,603**
Financial assets held to maturity- debt instrument				
Opening balance	-	-	-	-
Adddition	1,500,000	-	-	-
Interest earned on debt instrument	23,063			
	1,523,063	**-**	**-**	**-**
Total investment in financial assets	**5,411,024**	**4,175,603**	**3,887,961**	**4,175,603**
Split between non-current and current portions				
Non-current assets	**5,411,024**	**4,175,603**	**3,887,961**	**4,175,603**

25. Investment in financial assets - Continued

Investments held at reporting date - Group

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive income	
	Fair value 2021 N'000	Fair value 2020 N'000	Fair value 2021 N'000	Fair value 2020 N'000
At 1 January	4,175,603	3,450,970		
Additions	1,500,000			
Fair value gain/(loss) on investment in equity instruments	(287,642)	724,633	(287,642)	724,633
Dividend received on equity instrument			238,853	421,250
Interest earned on debt instrument	23,063		23,063	-
Statement of Financial Position	**5,411,024**	**4,175,603**		
Statement of Profit or Loss and Other Compehensive income			**-25,726**	**1,145,883**

Investments held at reporting date - Company

	Statement of Financial Position		Statement of Profit or Loss and Other Compehensive income	
	Fair value 2021 N'000	Fair value 2020 N'000	Fair value 2021 N'000	Fair value 2020 N'000
Opening balance	4,175,603	3,450,970		
Fair value gain/(loss) on investment in equity instruments	(287,642)	724,633	(287,642)	724,633
Dividend received on equity instrument			238,853	421,250
Statement of Financial Position	**3,887,961**	**4,175,603**		
Statement of Profit or Loss and Other Compehensive income			**(48,789)**	**1,145,883**

Financial assets at fair value through OCI include investments in listed equity shares. Fair values of these equity shares are determined by reference to published price quotations in an active market.

26. Borrowings

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Held at amortised cost				
Term loan	78,917,052	82,979,922	35,816,212	40,760,508
Bonds	823,078	4,485,756	-	-
Bank overdraft	3,466,802	-	1,685,577	-
$215 million acquisition loan	22,878,812	31,654,305	-	-
	106,085,744	**119,119,983**	**37,501,789**	**40,760,508**

26. Borrowings - Continued

Financial liabilities: Interest-bearing loans and borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
N17 billion consolidated term loan	19,420,606	17,106,183	19,420,606	17,106,183
Other term loans	16,401,208	23,654,325	16,395,606	23,654,325
Short term loan	-	62,835	-	-
N2 billion bank loan	-	2,056,219	-	-
N10 billion 7- Year bond	823,078	4,485,756	-	-
N12.7 billion loan	11,666,034	-	-	-
N10 billion loan	9,230,171	8,925,255	-	-
N5 billion loan	-	193,817	-	-
$5 million loan	-	2,181,126	-	-
N300 million loan	-	302,979	-	-
$1 million loan	-	459,950	-	-
$2 million loan	-	966,497	-	-
Bank Overdraft	3,466,802	1,304,572	1,685,577	-
N1 billion loan	-	1,133,065	-	-
Term loan	24,087,412	33,347,416	-	-
N200 million loan	201,382	205,335	-	-
$215 million acquisition loan	20,789,051	22,734,653	-	-
Total interest-bearing loans and borrowings	**106,085,744**	**119,119,983**	**37,501,789**	**40,760,508**
Total current interest-bearing loans and borrowings	**55,387,033**	**15,917,655**	**23,842,510**	**6,688,079**
Total non-current interest-bearing loans and borrowings	**50,698,711**	**103,202,328**	**13,659,279**	**34,072,429**

Total interets-bearing loans and borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
As at 1 January	119,119,983	113,856,142	40,760,508	19,120,196
Additions	34,209,847	62,164,565	-	25,680,834
Effective interest	12,310,625	14,889,299	4,486,583	3,291,716
Principal repayments	(49,346,197)	(60,199,546)	(5,101,688)	(4,040,522)
Interest repayments	(16,678,036)	(13,494,962)	(4,329,191)	(3,291,716)
Exchange (gain)/loss	3,002,720	1,904,485	-	-
	102,618,942	**119,119,983**	**35,816,212**	**40,760,508**
Overdraft (Note 31)	3,466,802	-	1,685,577	-
	106,085,744	**119,119,983**	**37,501,789**	**40,760,508**

26. Borrowings - Continued

Qualitative description of interest bearing loans and borrowing

Term loan

These represent term loans with a average tenor of 10 years and an average interest rate of 12%.

Bank overdrafts

The bank overdrafts are secured by a portion of the Group's asset

Short-term loan

Short-term loan represents a rolling 90 day tenor with an average interest rate of 12%.

N10 billion 7-year bond

N10 billion 7-year 16%. The purpose of the bond is for the upgrade and refurbishment of Transcorp Hilton Abuja

N12.75 billion 5-year bond

N12.75 billion term loan with a tenor of 8 years and 24 months moratorium and at interest rate of 10%. The loan is secured by a guarantee from Transnational Corporation of Nigeria Plc, the parent of the 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 a guarantee from Transnational Corporation of Nigeria Plc, the parent of the Company.

$1 million term loan with 365 days tenor and interest rate of 10%.
N1 billion term loan with 365 days tenor and interest rate of 12.25%.
$215 million acquisition loan obtained by the Company for the purpose of acquiring 100% interest in

Ughelli Power Plc. The balance loan was due for repayment December 2021. However, the balance of the loan was restructured during the year to 2023 with a floating interest rate of 90 days. LIBOR + 6.5%

Transcorp Power Limited's Term loans are facilities obtained by the Company. These facilities are repayable by instalments at various dates between 2020 and 2030 with interest rate ranging from 11% to 15.5%.

N200 million loan

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

Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carryingg amounts that are reasonable approxiamation of fair values:

Group

Financial liabilities

	Carrying amount		Fair value	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	106,085,744	119,119,983	108,330,506	121,640,548

26. Borrowings - Continued

Company
Financial liabilities

	Carrying amount		Fair value	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Interest-bearing loans and borrowings	**37,501,789**	**40,760,508**	**36,601,746**	**39,782,256**

The management assessed that the fair values of cash and bank balances, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the Group's interest-bearing borrowings and loans are determined by using the DCF method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

27. Deposit for investment

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
As at 1 January	27,453,129	-	-	-
Investment in Afam Genco (Note 27.1)	-	27,453,129	-	-
Transfer from Investment in subsidiaries (Note 27.2)	-	-	-	-
Transfer from Trans Afam			-	-
Additional investment	-	-	-	-
Eliminatiom upon Business acquisition	-27,453,129	-	-	-
	-	27,453,129	-	-

Transcorp Consortium emerged the core investor for the 100% acquisition of the 966MW installed capacity Afam GenCo (Afam Power Plc and Afam Three Fast Power Limited) at an acquisition cost of N105.3bn. Transcorp, through its subsidiary (Trans Afam Power Ltd) on 28 November 2020 officially took ownership of the Afam GenCo following a handover ceremony hosted by the Federal Government of Nigeria. Although, the official ownership takeover took place in 2020, the administrative handover was not finalised until 9 March 2021.

28. Inventories

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Finished goods	-	194,732	-	-
Engineering spares	4,185,754	3,862,227	-	-
Guest supplies	193,440	40,423	-	-
Fuel	84,486	260,496	-	-
	4,463,680	**4,357,878**	**-**	**-**

There was no write-down of inventories to net realisable value during the year.

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to N43.1 billion (2020: N33.76 billion).

29. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Receivables from third-party customers	67,981,453	78,635,723	1,134,253	890,004.00
Due from related companies and other receivables	-	-	34,111,845	15,872,332
	67,981,453	**78,635,723**	**35,246,098**	**16,762,336**

29.1 Receivables from third-party customers

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Trade receivables	70,226,191	81,888,581	-	-
Other receivables	4,724,712	3,530,543	1,701,339	1,457,090
Allowances for expected credit losses	(6,969,450)	(6,783,401)	(567,086)	(567,086)
	67,981,453	**78,635,723**	**1,134,253**	**890,004**

29.2 Due from related companies and other receivables

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Due from related companies and other receivables (Note 41)	-	-	36,961,075	18,721,562
Allowances for expected credit losses on due from related parties	-	-	(2,849,230)	(2,849,230)
	-	**-**	**34,111,845**	**15,872,332**

29.3 Total net trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Total trade and other receivables	74,950,903	85,419,124	38,662,414	20,178,652
Total allowance on expected credit loss on trade and other receivables	(6,969,450)	(6,783,401)	(3,416,316)	(3,416,316)
	67,981,453	**78,635,723**	**35,246,098**	**16,762,336**

29. Trade and other receivables - Continued

29.4 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 7.

The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Group	2021	2021	2020	2020
	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
				(Lifetime
Expected credit loss rate:				
	N'000	**N'000**	**N'000**	**N'000**
Less than 30 days past due: 4.0% (2020: 0.8%)	5,915,556	134,247	5,915,556	100,290
30 - 60 days: 3.1% (2020: 1.4%)	6,573,909	179,691	6,573,909	147,923
61 - 90 days: 6.7% (2020: 2.6%)	4,973,118	274,520	4,973,118	168,977
More than 90 days: 2.6% (2020: 5.8%)	52,763,608	6,380,992	64,425,998	6,366,211
Total	**70,226,191**	**6,969,450**	**81,888,581**	**6,783,401**

29.5 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**
	N'000	**N'000**	**N'000**	**N'000**
Opening balance in accordance with IFRS 9				
As at 1 January	6,786,655	2,830,635	-	-
Provision for expected credit losses	182,795	3,956,020	-	-
Write-off	-	-	-	-
Closing balance	**6,969,450**	**6,786,655**	**-**	**-**

30. Prepayments and other assets

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Maintenance contracts	317,258	103,957	-	-
Insurance and permits	97,251	395,758	-	-
Prepaid loan management fees (BOI Loans)	470,682	249,832	-	-
Service charge advance	394,626	-	-	-
Other prepaid expenses	341,194	348,644	72,324	60,083
	1,621,011	**1,098,191**	**72,324**	**60,083**
Current	1,582,608	1,061,316	33,921	23,208
Non-current	38,403	36,875	38,403	36,875
	1,621,011	**1,098,191**	**72,324**	**60,083**

31. Cash and cash balances

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Cash on hand	31,555	12,984	19,362	102
Cash at bank	10,982,613	3,213,283	35,068	629,659
Short-term deposits	3,217,480	543,074	438,825	542,852
	14,231,648	**3,769,341**	**493,255**	**1,172,613**

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the followins as at 31 December

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Cash on hand and at bank	11,014,168	3,226,267	54,430	629,761
Short-term deposits	3,217,480	543,074	438,825	542,852
	14,231,648	**3,769,341**	**493,255**	**1,172,613**
Bank overdraft (Note 26)	(3,466,802)	-	(1,685,577)	-
	10,764,846	**3,769,341**	**(1,192,322)**	**1,172,613**

32. Issued capital and reserves

32.1 Share capital

	Group		Company	
Ordinary shares authorised	2021	2020	2021	2020
45,000,000,000 ordinary shares of 50 kobo each	**22,500,000**	**22,500,000**	**22,500,000**	**22,500,000**
Ordinary shares issued and fully paid				
40,647,990,293 ordinary shares of 50k each	**20,323,996**	**20,323,996**	**20,323,996**	**20,323,996**
32.2 Share premium				
Premium arising on issue of equity shares	**6,249,871**	**6,249,871**	**6,249,871**	**6,249,871**

33. Trans Afam Acquisition and Consolidation Adjustments

33.1 Retained Earnings Adjustment-Trans Afam Power Limited

This represents Afam Power Plc retained earnings acquired by Trans Afam Limited on the purchase of the Company.

33.2 Bargain Purchase on Consolidation of Afam

N4.5bn represents bargain purchase consideration on the consolidation of Afam Power Plc by Trans Afam Power Limited. This was derived from the excess of the fair value of the net assets (N36bn) of the acquired Company over the consideration(N31.5bn) paid by Trans Afam Power Limited. In line with IFRS 3, it has been taken directly into the profit or loss account.

AFAM -Bargain Purchase Analysis

	Group
	2021
	N'000
Fair value of property,plant and equipment	34,750,900
NBV of property,plant and equipment	(14,829,024)
Equity brought forward	14,770,857
Profit in January and February 2021	693,515
Asset not taken over	620,021
Net identifiable assets at acquisition	**36,006,269**
Consideration	(31,500,000)
Bargain Purchase recognised in profit or loss statement	**4,506,269**

33.3 Transfer of other reserve- Trans Afam Power Limited

This represents N24.76bn government funding to Afam Power Plc acquired on the purchase of the Company by Trans Afam Power Limited.

34. Deferred income

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

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 10% 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.

35. Contract liabilities

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Summary of contract liabilities				
Short-term advances for hospitality services (Note 35	59,155	189,118	-	-
Key money from Hilton (Note 35.2)	2,427,035	2,427,035	-	-
	2,486,190	**2,616,153**	**-**	**-**
Reconciliation of contract liabilities				
As at 1 January	2,616,153	2,617,369	-	-
Deferred during the year	-	156,754	-	-
Recognised as revenue during the year	(129,963)	(157,970)	-	-
	2,486,190	**2,616,153**	**-**	**-**
Split between non-current and current portions				
Non-current liabilities	2,333,370	2,445,163	-	-
Current liabilities	152,820	170,990	-	-
	2,486,190	**2,616,153**	**-**	**-**

35. Contract liabilities - Continued

35.1 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	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January	18,128	32,327		
Deferred during the year	40,990	18,128		
Recognised as other operating income during the yea	(18,128)	(32,327)		
At 31 December	**40,990**	**18,128**	**-**	**-**
Current	40,990	18,128	-	-

35.2 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	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January	2,598,025	2,755,995	-	-
Received during the period	-	-	-	-
Recognised as revenue during the year	(152,825)	(157,970)	-	-
At 31 December	**2,445,200**	**2,598,025**	**-**	**-**

36. Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
Financial instruments:	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	115,355,057	71,092,555	-	-
Due to related companies and other payables (Note 4	-	-	8,264,883	5,459,414
Accrued liabilities	5,465,343	5,016,864	209,323	4,151,299
Unclaimed dividend	1,205,545	918,624	1,058,528	918,624
Dividend payable (Note 36.1)	4,542,263	2,582,674	-	-
	126,568,208	**79,610,717**	**9,532,734**	**10,529,337**
Non-financial instruments:				
Advanced deposits	174,192	152,033	-	-
VAT	61,681	429,568	322,721	72,396
Other payables* (Notes 36.3)	8,273,168	-	58,025	-
	8,509,041	**581,601**	**380,746**	**72,396**
Total Trade and other payables	**135,077,249**	**80,192,318**	**9,913,480**	**10,601,733**
36.1 Dividend payable				
As at 1 January	2,582,674	2,474,314	-	-
Appropriation during the year	5,352,544	3,037,132	406,480	406,480
Dividend paid	(3,392,955)	(2,928,772)	(406,480)	(406,480)
	4,542,263	**2,582,674**	**-**	**-**

Cash dividend of 2 kobo per ordinary share was declared in 2021 (2020: 1 kobo). The dividend declared was approved during the Company's AGM and paid in 2021.

For Transcorp Power Limited, cash dividend of N251.88 was declared in 2021 (2020: N153.84) while Transcorp Hotel Plc declared 7kobo in 2021 (2020: Nil).

36. Trade and other payables - Continued

36.2 Trade payables are non-interest bearing and are normally settled on 60-day terms.

36.3 *Other payables for Company represents deposit for investment in TransAfam yet to be alloted as at 31 December 2021.

For terms and conditions with related parties, refer to Note 40.

Exposure to liquidity risk

Refer to note 7 Financial instruments and financial risk management for details of liquidity risk exposure and management.

37. Lease liabilities

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	-	-	-	-
Additions	283,146	-	283,146	-
Interest for the year	13,977	-	13,977	-
	297,123	**-**	**297,123**	**-**

This relates to the lease of the office building at 38 Glover Road Ikoyi, Lagos.

38. Deposit for shares

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Deposit for shares-THIL (Note 38.1)	2,410,000	2,410,000	-	-
Deposit for shares-TAPL (Note 38.2)	10,525,000	10,525,000	-	-
	12,935,000	**12,935,000**		

Deposit for shares-THIL Note 38.1

Deposit for shares relates to Heirs Holdings Limited’s contribution to the development of Transcorp Hotels Ikoyi Limited (THIL).

Based on the Memorandum of Understanding between Transnational Corporation of Nigeria Plc and Heirs Holdings Limited,

THIL will repay or issue shares to Heirs Holdings Limited on completion of the construction and start of operation of the hotel.

Deposit for shares-TAPL Note 38.2

Deposit for shares relates to other parties' contribution to Trans Afam Power Limited(TAPL) towards the acquisition cost for the Afam Power Genco.

39. 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 December 31 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 likelihood ot the claims being against the Group is remote for this reason, no loss or cost is anticipated. Accordingly, no provision for any liability has been made in these financial statements.

40 Related party disclosures

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Related party balances

`

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Amount owed to related parties				
Transcorp Power Limited	-	-	8,264,883	5,459,414
	-	-	-	-
	-	**-**	**8,264,883**	**5,459,414**
Amount owed by related parties				
Afam Power Plc	-	-	1,863,537	-
Teragro Commodities Limited	-	-	1,751,457	1,758,067
Transcorp OPL 281 Limited	-	-	9,673,657	4,333,418
Transcorp Hotels Plc	-	-	5,058,564	8,007,598
Transcorp Hotels Calabar Limited	-	-	35,373	24,182
Trans Afam Power Ltd	-	-	18,385,000	603,129
Transcorp Energy Limited	-	-	193,487	3,995,168
	-	**-**	**36,961,075**	**18,721,562**

Terms and conditions of transactions with related parties

All transactions are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the 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 recognised N2.8bn (2020:N2.8bn) as provision for expected credit losses relating to amounts owed by related parties.

Related party borrowings

Included in the amount due from OPL 281 Limited is N7.4b loan at 12%

Included in the amount due from Transcorp Hotels Plc is N308m loan at 11.5%

Other terms

The Company entered into a Technical and Management services agreement with Transcorp Hotels Plc, Transcorp Power Limited, and Trans Afam Power Limited. As stipulated in the signed agreement, the Company earns management fee of higher of N350 million or 5% of profit before tax of these Companies.

40 Related party disclosures - Continued

40.1 Related party balances

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Compensation to directors				
Salaries and other short-term employee benefits	685,765	508,439	261,610	227,628
Defined contributions	17,670	14,635	6,195	5,167
Fees and allowances	33,800	50,094	15,200	13,200
	737,235	**573,168**	**283,005**	**245,995**
Amount paid to the highest paid director (excluding pension contributions)	90,000	90,000	90,000	90,000
Chairman's emoluments				
Fees	1,200	1,200	1,200	1,200
Benefits in kind	64,878	64,878	64,878	64,878
	66,078	**66,078**	**66,078**	**66,078**

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	**Number**	**Number**	**Number**
Less than N10,000,000	23	17	-	-
Over N10,000,000	12	11	8	8
	35	**28**	**8**	**8**

41 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.

42 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.

43 Impact of Coronavirus (Covid-19) Pandemic

Transcorp's revenue is generated mostly from two key sectors; Power, which contributes about 81% of the Group's Revenue; and Hospitality, which contributes about 19% of the Group's Revenue. Stated below are the impacts of COVID-19 Pandemic on these business units. Transcorp Power Limited is in the business of power generation, which is classified as essential service. As a result of this, the company and its staff were exempted from the restriction of movement associated with the lockdown both at the federal and state government levels.

Based on management's assessments, Transcorp Power Ltd.'s and Afam Power Plc operations are not materially affected by the negative impact of the COVID-19 pandemic. The two power companies made N23.1bn and N1.9bn profit before tax in 2021.

There was easing of lock-down as we entered 2021, with airports opening and international customers coming in small numbers. Businesses re-opened and this led to increased business for Transcorp Hotel. Transcorp Hotel closed the year 2021 with revenue of N21.7 billion against N10.2 billion recorded in 2020. The Hotel returned to profitability in Q3 2021, ending the year with a profit of N1.1bn compared to a loss of N8.7bn in 2020.

44 Restatement of Prior Financial Statements.

This prior year restatement relates to N18,984,212,521.25 correction(claw back) of income recognised in 2015 - 2018 arising from the overbilling of the Nigerian Bulk Electricity Trading Company (NBET) using incorrect gas cost rate in the determination of tariffs used in invoicing.

NBET is invoiced for the energy and capacity transferred to the grid based on the Multi-Year Tariff Order 2 (MYTO) template issued by the Nigerian Electricity Regulatory Commission that guides the generation of the energy sales rate in the industry.

The error was due to the use of a gas cost rate from a single vendor rather than using a blended gas cost rate that would reflect the actual gas costs incurred by the company in the determination of the energy tariffs rate with which NBET was to be invoiced for the period

The correction of the error has been effected retrospectively and has no tax implicatioon as the company was under pioneer holiday during the period.

i Statement of financial position

	Impact of correction of error		
31 December 2019 ***In thousands of naira***	**As previously reported**	**Adjustments**	**As restated**
	N' 000	**N' 000**	**N' 000**
Property, plant and equipment	158,473,054	-	158,473,054
Right-of-use assets	120,949	-	120,949
Investment properties	2,047,900	-	2,047,900
Goodwill	30,934,143	-	30,934,143
Other intangible assets	10,234,090	-	10,234,090
Investments in subsidiaries	-	-	-
Investment in financial asset	3,450,970	-	3,450,970
Prepayments and other assets	125,431	-	125,431
Deferred tax asset	78,711	-	78,711
Deposit for investment	-	-	-
Non-Current Assets	**205,465,248**	**-**	**205,465,248**
Inventories	4,438,996	-	4,438,996
Trade and other receivables	97,565,798	(18,984,213)	78,581,585
Prepayments and other assets	720,513	-	720,513
Cash and bank balances	4,941,953	-	4,941,953
Current Assets	**107,667,260**	-	**88,683,047**
Total assets	**313,132,508**	**-**	**294,148,295**
Borrowings	92,222,833	-	92,222,833
Deposit for shares	2,410,000	-	2,410,000
Contract Liabilities	2,617,369	-	2,617,369
Deferred income	1,073,534	-	1,073,534
Deferred tax liabilities	7,901,660	-	7,901,660
Non-Current Liabilities	**106,225,396**	**-**	**106,225,396**

	N' 000	**N' 000**	**N' 000**
Trade and other payables	74,788,170	-	74,788,170
Borrowings	21,633,309	-	21,633,309
Contract Liabilities	-	-	-
Deferred income	208,442	-	208,442
Lease Liabilities	-	-	-
Income tax payable	1,538,799	-	1,538,799
Current Liabilities	**98,168,720**	**-**	**98,168,720**
Total liabilities	**204,394,116**	**-**	**204,394,116**
Equity			
Share capital	20,323,996	-	20,323,996
Share premium	6,249,871	-	6,249,871
Other reserves	1,257,398	-	1,257,398
Retained earnings (Restated)	39,199,021	(9,662,964)	29,536,057
Non-controlling interest	41,708,106	(9,321,249)	32,386,857
Total equity	**108,738,392**	**(18,984,213)**	**89,754,179**

	Impact of correction of error		
31 December 2020 *In thousands of naira*	**As previously reported**	**Adjustments**	**As restated**
	N' 000	**N' 000**	**N' 000**
Property, plant and equipment	155,137,789	-	155,137,789
Right-of-use assets	62,893	-	62,893
Investment properties	2,047,900	-	2,047,900
Goodwill	30,934,143	-	30,934,143
Other intangible assets	10,221,940	-	10,221,940
Investments in subsidiaries	-	-	-
Investment in financial asset	4,175,603	-	4,175,603
Prepayments and other assets	36,875	-	36,875
Deferred tax asset	1,316,522	-	1,316,522
Deposit for investment	27,453,129	-	27,453,129
Non-Current Assets	**231,386,794**	**-**	**231,386,794**
Inventories	4,357,878	-	4,357,878
Trade and other receivables	97,619,936	(18,984,213)	78,635,723
Prepayments and other assets	1,061,316	-	1,061,316
Cash and bank balances	3,769,341	-	3,769,341
Current Assets	**106,808,471**	**(18,984,213)**	**87,824,258**
Total assets	**338,195,265**	**(18,984,213)**	**319,211,052**
Borrowings	103,202,328	-	103,202,328
Deposit for shares (Note 46)	12,935,000	-	12,935,000
Contract Liabilities	2,445,163	-	2,445,163
Deferred income	1,052,739	-	1,052,739
Deferred tax liabilities	6,348,802	-	6,348,802
Non-Current Liabilities	**125,984,032**	**-**	**125,984,032**

	N' 000	N' 000	N' 000
Trade and other payables (Note 46)	80,192,318	-	80,192,318
Borrowings	15,917,655	-	15,917,655
Contract Liabilities	170,990	-	170,990
Deferred income	252,796	-	252,796
Lease Liabilities	-	-	-
Income tax payable	1,268,091	-	1,268,091
Current Liabilities	**97,801,850**	**-**	**97,801,850**
Total liabilities	**223,785,882**	**-**	**223,785,882**
Equity			
Share capital	20,323,996	-	20,323,996
Share premium	6,249,871	-	6,249,871
Other reserves	1,982,031	-	1,982,031
Retained earnings (Restated)	38,283,220	(9,662,964)	28,620,256
Non-controlling interest	47,570,265	(9,321,249)	38,249,016
Total equity	**114,409,383**	**(18,984,213)**	**95,425,170**

The restatement did not have any effect on the Profit or Loss and Other Comprehensive Income.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
CONSOLIDATED AND SEPARATE STATEMENT OF VALUE ADDED
For the Year Ended 31 December 2021

	Group				Company			
	2021 ₦'000	**%**	**2020 ₦'000**	**%**	**2021 ₦'000**	**%**	**2020 ₦'000**	**%**
Revenue	111,219,336		75,270,921		5,127,383		2,725,533	
Other operating income	2,644,042		2,594,879		4,006,028		3,053,642	
	113,863,378		**77,865,800**		**9,133,411**		**5,779,175**	
Bought in materials and services								
Foriegn	(40,864,000)		(35,976,728)		(166,401)		327,345	
Local	(17,513,143)		(15,418,598)		(71,315)		140,291	
Total Value added	**55,486,235**	100	**26,470,475**	**100**	**8,895,696**	**100**	**6,246,811**	**100**
Applied as follows:								
To pay Employees								
Salaries and other benefits	5,421,370	10	2,233,062	8	308,109	3	223,239	4
To pay Providers of Capital								
Finance costs	15,327,322	28	16,793,784	63	4,500,560	52	3,291,716	53
To pay to Government								
Income tax	3,267,403	6	607,153	2	587,789	6	278,043	4
To be retained in the business								
Depreciation of property, plant and equipment	6,656,501	12	5,752,389	22	7,359	-	7,397	-
Depreciation of right-of-use assets	57,515	-	58,056	-	57,515	-	58,056	1
Amortisation of intangible assets	24,973	-	24,593	-	-	-	-	-
Deferred tax	899,699	2	(2,790,670)	(11)	-	-	-	-
	7,638,688	**14**	3,044,368	**12**	64,874	**1**	65,453	**1**
Value retained								
Retained profit	13,964,329	25	(862,036)		3,434,364		2,388,360	
Non Controlling interest	9,867,123	18	4,654,144				-	
	23,831,453	**43**	3,792,108	**14**	3,434,364	**39**	2,388,360	**38**
	55,486,235	**100**	**26,470,475**	**100**	**8,895,696**	**100**	**6,246,811**	**100**
	-		-		-		-	

TRANSNATIONAL CORPORATION OF NIGERIA PLC

CONSOLIDATED AND SEPARATE FIVE YEAR FINANCIAL SUMMARY
For the Year Ended 31 December 2021

GROUP

	2021	2020	2019	2018	2017
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Non-current assets	327,740,628	231,386,794	205,465,248	204,543,332	191,432,812
Current assets	88,259,389	87,824,258	88,683,047	92,596,463	94,089,492
Total assets	**416,000,017**	**319,211,052**	**294,148,295**	**297,139,795**	**285,522,304**
Equity					
Issued capital	20,323,996	20,323,996	20,323,996	20,323,996	20,323,996
Share premium	6,249,871	6,249,871	6,249,871	6,249,871	6,249,871
Other reserves	26,451,986	1,982,031	1,257,398	1,522,942	2,777,781
Retained earnings	47,602,138	28,620,256	29,536,057	38,869,734	31,961,979
Equity attributable to equity holders of the parent	100,627,991	57,176,154	57,367,322	66,966,543	61,313,627
Non-controlling interests	45,664,290	38,249,016	32,386,857	37,573,202	34,394,170
Total equity	**146,292,281**	**95,425,170**	**89,754,179**	**104,539,745**	**95,707,797**
Liabilities					
Non-current liabilities	74,697,140	125,984,032	106,225,396	66,761,186	85,158,998
Current liabilities	195,010,596	97,801,850	98,168,720	125,838,864	104,655,509
Total liabilities	**269,707,736**	**223,785,882**	**204,394,116**	**192,600,050**	**189,814,507**
Total equity and liabilities	**416,000,017**	**319,211,052**	**294,148,295**	**297,139,795**	**285,522,304**

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021	2020	2019	2018	2017
Revenue	111,219,336	75,270,921	76,345,549	104,162,785	80,284,959
Profit before taxation	27,998,554	1,608,591	7,897,624	22,402,087	12,305,547
Taxation	(4,167,102)	2,183,517	(4,192,560)	(1,775,420)	(1,698,271)
Profit after taxation	**23,831,452**	**3,792,108**	**3,705,064**	**20,626,667**	**10,607,276**

CONSOLIDATED AND SEPARATE FIVE YEAR FINANCIAL SUMMARY
For the Year Ended 31 December 2021

COMPANY

	2021	2020	2019	2018	2017
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Non-current assets	53,931,620	72,586,782	44,794,683	38,330,899	39,301,997
Current assets	35,773,274	17,958,157	15,436,092	27,294,875	23,800,774
Total assets	**89,704,894**	**90,544,939**	**60,230,775**	**65,625,774**	**63,102,771**
Equity					
Issued capital	20,323,996	20,323,996	20,323,996	20,323,996	20,323,996
Share premium	6,249,871	6,249,871	6,249,871	6,249,871	6,249,871
Other reserves	1,806,069	2,093,711	1,369,078	1,634,622	2,889,461
Retained earnings	13,324,479	10,296,595	8,314,716	8,799,221	6,143,818
Total equity	**41,704,415**	**38,964,173**	**36,257,661**	**37,007,710**	**35,607,146**
Liabilities					
Non-current liabilities	13,659,279	34,072,429	18,542,201	13,242,511	11,470,290
Current liabilities	34,341,200	17,508,337	5,430,913	15,375,553	16,025,335
Total liabilities	48,000,479	51,580,766	23,973,114	28,618,064	27,495,625
Total equity and liabilities	**89,704,894**	**90,544,939**	**60,230,775**	**65,625,774**	**63,102,771**

STATEMENT OF PROFIT OR LOSS

	2021	2020	2019	2018	2017
Revenue	5,127,383	2,725,533	3,173,773	8,899,967	5,121,992
Profit before taxation	4,022,153	2,666,403	1,241,401	5,705,517	2,567,737
Taxation	(587,789)	(278,043)	(506,467)	(1,094,518)	(698,533)
Profit after taxation	3,434,364	2,388,360	734,934	4,610,999	1,869,204