CAPITAL HOTELS PLC

(Owners of Sheraton Abuja Hotel)

RC: 36985

1, Ladi Kwali Street, Wuse Zone 4. P.M.B. 087, Garki, FCT, Abuja, Nigeria.
Tel: +234(9)4612000, www.capitalhotelsng.org, Email: info@capitalhotelsng.org

FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors of Capital Hotels Plc is pleased to announce the Audited Financial Statements of the Company for the year ended 31st December 2021.

The Board is also pleased to note that there was an upward increase in the revenue generation of the Hotel compared to that of last year, even though there was a loss.

The Board therefore wishes to take this opportunity to thank the Government for the various measures put in place to combat the effects of COVID-19 pandemic, which provided the enabling environment for the industry to recover albeit slowly.

CAPITAL HOTELS PLC

REPORT OF THE DIRECTORS,

AUDITED FINANCIAL STATEMENTS

AND

OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2021

CAPITAL HOTELS PLC
REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021

Content	**Page**

CAPITAL HOTELS PLC
REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors:	Chief Anthony I. Idigbe, SAN	Chairman
	Mr. Robert Itawa	Executive Director
	Mr. Chuma Anosike	Non Executive Director
	Mr. Akpofure Ibru	Non Executive Director
	Dr. Alexander Thomopulos	Non Executive Director
	Alhaji Abatcha Bulama	Non Executive Director
	Mrs. Fadeke Olugbemi	Non Executive Director
	Mr. Toke Alex-Ibru	Non Executive Director
	Mrs. Helen Dasouza	Non Executive Director
Secretary:	Ifebunandu & Co	
	Suite 2B South East Pavilion	
	Tafawa Balewa Square	
	Lagos.	
Registered office:	1, Ladi Kwali Way	
	Wuse Zone 4	
	Abuja	
Registration number:	RC 36985	
Registrars:	Cardinal Stone Registrars Limited	
	358 Herbert Macaulay Road	
	Yaba, Lagos.	
Principal bankers:	Guaranty Trust Bank Plc	
	Polaris Bank Ltd	
	Union Bank of Nigeria Plc	
	Zenith Bank Plc	
Auditors:	Ernst & Young	
	10th & 13th Floors, UBA House	
	57, Marina, Lagos	
	Nigeria.	

CAPITAL HOTELS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors have pleasure in presenting to the members of Capital Hotels Plc their report together with the audited financial statements for the year ended 31 December 2021.

LEGAL FORM

Capital Hotels Plc was incorporated in Nigeria on 16 January 1981 under the Companies and Allied Matters Act as a private limited liability Company in accordance with the provisions of the Companies and Allied Matters Act, 2020 (As amended). It became a Public Limited Company on 31 May 1986.

Capital Hotels Plc (Owner of Sheraton Abuja Hotel) commenced business in January 1990. The hotel is managed and operated by Marriott International, owners of Starwood Eame License and Services Company, BVBA under a system License Agreement dated 7 June 2011.

PRINCIPAL ACTIVITIES

The company is engaged in the hospitality industry; particularly the rendering of hotel services.

RESULT FOR THE YEAR

The company's result for the year ended 31 December 2021 are set out on page 14. The loss for the year of N320.461 million has been transferred to retained earnings. The summarised results are presented below.

	2021 N'000	2020 N'000
Revenue	3,827,964	1,947,583
Gross profit/(loss)	526,731	(357,937)
Loss before taxation	(2,620)	(466,714)
Taxation	(317,841)	224,859
(Loss after taxation	(320,461)	(241,855)

DIVIDEND

The directors have not recommended the payment of dividend in respect of the year ended 31 December 2021. (2020: N77.4 million).

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters

Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

REPORT OF THE DIRECTORS - Continued

DIRECTORS' SHAREHOLDING

The directors who held office during the year and to the date of this report together with their direct and indirect interests in the issued share capital of the Company as recorded in the register of Directors' shareholdings and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters are as follows:

	2021		2020	
	Direct	Indirect	Direct	Indirect
Alhaji Abatcha Bulama	-	-	1,000	-
Chief. Nicholas Dortie (Died on 30 May 2020)	1,500	-	1,500	-

SHAREHOLDING STRUCTURE

The issued and fully paid share capital of the Company as at reporting date was beneficially owned by:

	31 December 2021		31 December 2020	
Name	Number of shares	% holding	Number of shares	% holding
Hans-Gremlin Nig. Ltd.	789,877,800	51.00	789,877,800	51.00
Continental Energy Resources Ltd	228,564,655	14.76	228,564,655	14.76
Oma Investment Ltd	228,648,915	14.76	228,648,915	14.76
Abuja Investment and Property	100,775,620	6.51	100,775,620	6.51
Bank of Industry Limited	13,200,000	0.85	13,200,000	0.85
Ministry of Finance Incorporated	31,057,764	2.00	31,348,113	2.02
Associated Ventures Internatinal Ltd	43,124,586	2.78	43,124,586	2.78
Nigerian Industral Development	28,464,040	1.84	28,464,040	1.84
Nigeria Re-insurance Corporation	31,059,600	2.01	31,059,600	2.01
Nigeria Airways Pension Board	7,374,400	0.48	7,374,400	0.48
Others	46,632,620	3.01	46,342,271	2.99
Total	**1,548,780,000**	**100.00**	**1,548,780,000**	**100.00**

PROPERTY PLANT & EQUIPMENT

-

Information relating to movement in property, plant and equipment is shown in Note 15 to the financial statements. In the opinion of the Directors, the market values of the Company's properties are not less than the value shown in these financial statements.

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

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

REPORT OF THE DIRECTORS - Continued

EMPLOYEE HEALTH, SAFETY AND WELFARE

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

EMPLOYEE TRAINING AND INVOLVEMENT

The directors maintain regular communication and consultation with the employees on matters affecting employees and the Company.
Employees are kept fully informed regarding the Company's performance and the Company operates an open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

Employees are also involved in the affairs of the Company through the service charge bonus scheme, which entitles them to a percentage of the hotel's service charge revenue.
Training is carried out at various levels through in-house and external courses. The company's skill base has been extended by a range of training provided to the employees whose opportunity for career development within the Company has been enhanced.

DONATIONS AND GIFTS

The Company did not make any donations during the year (2020: Nil).

AUDITORS

Ernst & Young have expressed their willingness to continue in office as the Company's auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020 (As amended).

By order of the Board

Alex Ugwuanyi, Esq
FRC/2017/NBA/000000016473
For: Ifebunadu & Co
Company Secretary
25 February 2022

CAPITAL HOTEL PLC
COMPLIANCE CERTIFICATE
FOR THE YEAR ENDED 31 DECEMBER 2021

We hereby certify that:

a) We the undersigned have reviewed the annual report, audited financial statements of Capital Hotel Plc ("the Company) for the year ended 31 December 2021 and other national disclosures.
Based on our knowledge as officers of the Company, the annual report, audited financial statements and other national disclosures do not contain:
i.any untrue statement of a material fact, or
ii.omit to state a material fact, which would make the statement misleading in the light of the circumstances under which the statement was made.

b) Based on our knowledge, the financial statements and other financial information included in the annual report fairly represent in all material respect, the financial conditions and results of operations of the Company as of, and for the period presented in the report.

c) We, the undersigned:
i. are responsible for establishing and maintaining controls;
ii. have designed such internal controls to ensure that material information relating to the Company is made known to us by others within those entities particularly during the period in which the periodic reports are being prepared;
iii. have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report.;
iv. have presented in the report our conclusions about the effectiveness of their internal controls based on their evaluation as of that date;

d) We have disclosed to the external auditors of the Company and the audit committee:
i. all significant deficiencies in the design or operation of the internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's Auditors any material weakness in internal controls, and
ii. any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.

e) We have identified in the report whether or not there were significant changes in internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

------------------------------------	------------------------------------	------------------------------------
Chairman	**Director**	**Director**
Chief Anthony. I. Idigbe, SAN	**Mr. Chuma Anosike**	**Mr. Robert Itawa**
FRC/2014/NBA/00000010414	**FRC/2013/NBA/0000004027**	**FRC/2013/ICAN/00000000887**

CAPITAL HOTELS PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

The Companies and Allied Matters Act, 2020 (As amended), requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include:

a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act,2020 (As amended);

b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and

c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act,2020 (As amended).

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

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

--------------------------------------	--------------------------------------
Chief Anthony. I. Idigbe, SAN	Mr. Chuma Anosike
Chairman	**Director**
FRC/2014/NBA/00000010414	FRC/2013/NBA/0000004027

2022

Building a better
working world

Ernst & Young
10th & 13th Floor, UBA House
57, Marina
Lagos, Nigeria

Tel: +234 (01) 63 14500
Fax: +234 (01) 463 0481
Email: services@ng.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPITAL HOTELS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Capital Hotels Plc which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Capital Hotel Plc as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 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 Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Impairment assessment of receivables	
IFRS 9- financial instrument which covers financial assets requires that financial assets are assessed for impairment using the Expected Credit Loss (ECL) model that will lead to timely recognition of expected losses. The company is required to regularly assess the recoverability of its trade receivables. This involves judgment as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions as well as the time value of money. An "expected loss" focuses on the risk that a debtor will default in payment rather than whether a loss has been incurred. As at 31 December 2021, the Company had a receivable of ₦1.082 billion (2020: ₦828 million) which represents 46% (2020: 35%) of the Company's Current assets. The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgment applied by management in determining the impairment provision. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and Expected Credit losses (ECLs) is a significant estimate. Based on our application of the ECL model on the Company's receivables, an impairment allowance of ₦121 million (2020: ₦92 million) was calculated and recognized at 31 December 2021. Due to significance of receivables and the related estimation uncertainty, this is considered a key audit matter.	-We reviewed IFRS 9 models prepared by the management for computation of impairment on receivables in line with the requirements of IFRS 9. -We reviewed the aging of receivables based on the number of days, debts became past due. -We tested the historical accuracy of the model by assessing historical projections versus actual losses. -We analysed historical credit losses with a view to identifying the portion of receivables that remained unpaid during the year to enable us to determine the default rate. -We engaged our internal specialist to reperform an independent calculation of the impairment provision. - We reviewed other areas of complexities which include macro-economic indicators such as inflation rates, exchange rates, unemployment rate, Gross Domestic Products (GDP) etc. These macro-economic indicators were equally available information in the public domain.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPITAL HOTELS PLC– Continued

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – Continued

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Corporate Governance Report, Statement of Directors' Responsibilities, Report of the Audit Committee, Value-Added Statement, and Five-year Financial Summary as required by the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 2011. The other information does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 auditors' 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 Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

Building a better working world

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPITAL HOTELS PLC– Continued

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – Continued

Auditors' Responsibilities for the Audit of the Financial Statements-continued

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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 the Directors 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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAPITAL HOTELS PLC– Continued

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS– Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, 2020, we confirm that:

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

ii) in our opinion proper books of account have been kept by the Company in so far as it appears from our examination of those books; and

iii) the Company's statements of financial position and statements of profit or loss and other comprehensive income agree with the books of account.

Yusuf Aliu, FCA

FRC/2012/ICAN/00000000138

29 March 2022

Lagos, Nigeria

CAPITAL HOTELS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 ₦'000	2020 ₦'000
Revenue	4	3,827,964	1,947,583
Cost of sales	7	(3,301,233)	(2,305,520)
Gross Profit/(Loss)		**526,731**	**(357,937)**
Other operating income	8	163,399	427,721
Administrative expenses	9	(713,281)	(558,537)
Operating Loss		**(23,151)**	**(488,753)**
Finance income	10	20,531	22,039
Loss before tax	11	**(2,620)**	**(466,714)**
Income tax (expense) /credit	12	(317,841)	224,859
Loss for the year		**(320,461)**	**(241,855)**
Other comprehensive income:			-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax)			
Revaluation of Land (Net of tax)		-	8,161,567
Other comprehensive income for the year, net of tax		-	8,161,567
Total comprehensive income for the year		**(320,461)**	**7,919,712**
Earnings per share			
Basic loss for the year attributable to ordinary equity holders	13	(0.21)	(0.16)
Diluted loss for the year attributable to ordinary equity holders	13	(0.21)	(0.16)

The notes on pages 18 to 57 are integral part of this financial statements.

CAPITAL HOTELS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021	2020
Assets		₦'000	₦'000
Non-current assets			
Property, plant and equipment	14	15,670,676	15,515,398
Intangible assets	15	17,543	86,886
Total non-current assets		**15,688,219**	**15,602,284**
Current assets			
Inventories	16	55,593	31,899
Trade and other receivables	17	1,119,190	880,265
Prepayments	18	161,578	27,711
Cash and short term deposit	19	1,004,149	1,565,246
Total current assets		**2,340,510**	**2,505,121**
Total assets		**18,028,729**	**18,107,405**
Equity			
Issued capital	20	774,390	774,390
Retained earnings		5,327,175	5,647,636
Revaluation Surplus		8,161,567	8,161,567
Total equity		**14,263,132**	**14,583,593**
Liabilities			
Non-current liabilities			
Employee benefit obligation	21	-	298,043
Deferred tax liabilities	12	978,539	1,095,269
Total non-current liabilities		**978,539**	**1,393,312**
Current liabilities			
Trade and other payables	22	1,966,540	1,679,550
Contract Liability	23	188,296	189,819
Deferred income	24	36,698	34,186
Income tax payable	12	595,524	226,945
Total current liabilities		**2,787,058**	**2,130,500**
Total liabilities		**3,765,597**	**3,523,812**
Total equity and liabilities		**18,028,729**	**18,107,405**

The notes on pages 18 to 57 are integral part of this financial statements.

The financial statements was approved and authorised for issue by the Board of Directors on 25 February, 2022 and was signed on its behalf by:

Chief Anthony. I. Idigbe, SAN	Mr. Chuma Anosike	Mr. Robert Itawa
Chairman	Director	Director
FRC/2014/NBA/00000010414	FRC/2013/NBA/0000004027	FRC/2013/ICAN/00000000887

CAPITAL HOTELS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Issued capital (Note 20) ₦'000	Retained earnings ₦'000	Revaluation reserve ₦'000	Total equity ₦'000
At 1 January 2020	774,390	5,966,930	-	6,741,320
Loss for the year	-	(241,855)	-	(241,855)
Revaluation of Land			8,161,567	8,161,567
Total comprehensive income, net of tax	-	5,725,075	8,161,567	14,661,032
Dividend paid (Note 20.1)	-	(77,439)	-	(77,439)
As at 31 December 2020	**774,390**	**5,647,636**	**8,161,567**	**14,583,593**
As at 1 January 2021	774,390	5,647,636	8,161,567	14,583,593
Loss for the year	-	(320,461)	-	(320,461)
Total comprehensive income, net of tax	774,390	5,327,175	8,161,567	14,263,132
Dividend paid (Note 20.1)	-	-	-	-
As at 31 December 2021	**774,390**	**5,327,175**	**8,161,567**	**14,263,132**

The notes on pages 18 to 57 are integral part of this financial statements.

CAPITAL HOTELS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 ₦'000	2020 ₦'000
Operating activities			
Cash receipt from customers		3,563,120	2,006,951
Cash paid to suppliers and employees		(3,805,648)	(1,410,356)
Income tax paid	12	(60,000)	-
Net cash flows used in operating activities	25	**(302,528)**	**(596,595)**
Investing activities			
Interest received		20,531	22,039
Receipt of principal portion of loan receivable		11,070	73,569
Purchase of property, plant and equipment	14	(438,083)	(717,025)
Purchase of intangible assets	15	-	(11,303)
Proceed from sales of scraps		60,543	-
Proceed from disposal of Property, plant and Equipment		35,000	3,870
Net cash flows used in investing activities		(310,939)	(628,850)
Financing activities			
Dividend paid		-	(54,577)
Net cash flows used in investing activities		-	(54,577)
Net decrease in cash and cash equivalent		(613,467)	(1,280,022)
Net foreign exchange difference		52,370	418,507
Cash and cash equivalents at 1 January		1,565,246	2,426,761
Cash and short-term deposit at 31 December		**1,004,149**	**1,565,246**

The notes on pages 18 to 57 are integral part of this financial statements.

1. Corporate information

Capital Hotels Plc was incorporated in Nigeria on 16 January 1981 as a private limited liability Company in accordance with the provisions of the Companies and Allied Matters Act, 2020 (As amended). The company became a public limited company (Plc) on 31 May 1986. Its hotel, Sheraton Hotel Abuja commenced business in January 1990. Its parent Company is Hans-Gremlin Nig. Ltd. Its ultimate parent Company is Ikeja Hotel Plc, Lagos.

The hotel is managed and operated by Marriot International (Starwood Eame License and Services Company, BVBA) under a system license Agreement dated 7 June 2011.

The principal activities of the Company includes the operation of hotels and restaurants, recreational facilities, night clubs and a business center.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in accordance with the requirements of the Financial Reporting Council of Nigeria and the provisions of the Companies and Allied Matters Act 2020 (As amended).

The financial statements have been prepared on a historical cost basis except for Land which is carried at fair value. The financial statements are presented in Naira which is the Company's functional currency and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The company classifies all other liabilities as non-current.

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

2.2 Summary of significant accounting policies - continued

b) Fair value measurement

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.

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

c) Revenue from contracts with customers

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

i. Rooms
ii. Food and beverages
iii. Other services

The company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

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

At contract inception, the Company assess 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.

2.2 Summary of significant accounting policies - continued

Performance obligation

The company has identified three distinct performance obligations as highlighted above.

In arriving at the performance obligations, the Company 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;
- 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

Revenue is recognised over time because as the Company performs its obligations on the contract, the customer simultaneously receives and consumes the benefits provided by the Company's performance.

The company 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).

Service charge

The company charges a flat rate for all in-room services relating to foods and beverages offered to customers and it is part of the component of the consideration paid for food and beverages.

Food and beverages

The company sells food and beverages to hotel guests and visitors. The company 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. For service charge levied on food and beverages, the Company recognises the revenue at a point in time.

Other services

The company generates revenue from other streams such as fitness club, laundry services, business centre, valet services. Revenue from rendering these services is recognised over time. For service charge levied on other services, the Company recognises the revenue over time because as the Company performs its obligations on the contract, the customer simultaneously receives and consumes the benefits provided by the Company's performance.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time.If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company'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).

2.2 Summary of significant accounting policies - continued

Contract liabilities

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 Company performs under the contract.

Refund liabilities – security deposit

The company 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.

The company measures the obligation of the amount the Company ultimately expects it will have to return to the customer. The company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

d) 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 Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of 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

2.2 Summary of significant accounting policies - continued

d) Taxes - Continued

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.

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

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

2.2 Summary of significant accounting policies - continued

e) Foreign currencies

The company's financial statements are presented in Naira, which is also the parent company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

- Transactions and balances

Transactions in foreign currencies are initially recorded by the Company 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).

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 Company 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 Company determines the transaction date for each payment or receipt of advance consideration.

f) Cash dividend

The company recognises a liability when dividend 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.

g) 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 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 Company 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 statement of profit or loss and other comprehensive income as incurred. Refer to significant accounting judgements, estimates and assumptions (Note 3).

Land is measured at fair value less impairment losses if any, recognised after the date of revaluation. Valuations are performed with sufficiency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

2.2 Summary of significant accounting policies - continued

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

Freehold Land	Not depreciated
Building	40 years
Plant & Machinery	6 2/3 years
Furniture, fittings and equipment	6 2/3 years
Motor Vehicle	4 years

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 the statement of profit or loss and other comprehensive income 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.

Upon disposal, any revaluation surplus relating to the land being sold is transferred to retained earnings

All other items of property, plant and equipment continues to be measured at cost less accumulated depreciation and accumulated impairment losses (if any)

h) Leases

The company 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 .

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of 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.

2.2 Summary of significant accounting policies - continued

j) 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 the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible 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 the statement of profit or loss and other comprehensive income. This is amortised on a staright-line basis over the useful life of the assets

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 Company is three years.

k) 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 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (d) Revenue from contracts with customers.

2.2 Summary of significant accounting policies - continued

i) Financial assets - Continued

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 company'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.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as shown below:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

The company 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 (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 company's financial assets at amortised cost includes trade receivables, receivables from other related parties and cash and short term deposit.

Derecognition

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

- The rights to receive cash flows from the asset have expired
  Or
- The company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2.2 Summary of significant accounting policies - continued

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company 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 17
- Intercompany Receivable — Note 17

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

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial 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 financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.2 Summary of significant accounting policies - continued

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss as appropriate. Financial liabilities have only two classifications which are i) financial liabilities at FVTPL and ii) financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value

The company's financial liabilities include trade and other payables.

Subsequent measurement

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

Trade and other payables measured at amortised cost

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of a business, if longer). If not, they re presented as non current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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 and other comprehensive income.

▸ **Classification**

Financial assets and liabilities at fair value through profit or loss

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

l) 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.

2.2 Summary of significant accounting policies - continued

m) 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 14
- Intangible assets — Note 15

The company 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 Company 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.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

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 Company 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.

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

p) Statement of cash flow presentation

IAS 7.18 allows entities to report cash flows from operating activities using either the direct method or the indirect method. The company presents its cash flows using the direct method

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

New and amended standards and interpretations - Continued

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Company. Thee amendment is listed below:

- Interest rate benchmark reform - Phase 2 - Amendments to IFRS 9, IAS39, IFRS7, IFRS4 and IFRS 16

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, hich are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general
model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The company is currently assessing the impact the amendments will have on current practice.

2.4 Standards issued but not yet effective - Continued

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendment is not expected to have a significant impact on the Company.

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide
goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

2.4 Standards issued but not yet effective - Continued

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the company.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's 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.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management — Note 6
- Financial instruments risk management and policies — Note 28
- Sensitivity analyses disclosures — Note 28

3. Significant accounting judgements, estimates and assumptions - continued

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

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

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

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

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

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

The Company has assessed that revenue earned from service charge will be recognised at a point in time when good or service has been satified.

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements, estimates and assumptions - continued

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 fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables while general approach is used for related party receivables.
The provision matrix is initially based on the Company's historical observed default rates. The Company 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 hospitality 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 Company'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 Company's trade receivables is disclosed in Note 28.4.

Taxes

Given uncertainties exist with respect to the interpretations of complex tax regulations coupled with the amount and timing of future taxable income as well as the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The company establishes provisions, based on reasonable estimates, for possible tax implications that may result in tax liabilities.

Revaluation of property, plant and equipment

The company carries its land at revalued amounts, with changes in fair value being recognised in OCI. The land were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2020 for the land. Fair value disclosures for the revalued land are provided in Note 28.3

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2021	2020
	₦'000	₦'000
Rooms	1,856,450	930,890
Food and beverages	1,564,321	678,278
Other services	277,919	296,169
Total revenue from contracts with customers	**3,698,690**	**1,905,337**
Other revenue		
Rental income	129,274	42,246
Total revenue	**3,827,964**	**1,947,583**
Timing of revenue recognition		
Goods transferred at a point in time	1,564,321	678,278
Services transferred over time	2,134,369	1,227,059
Total revenue from contracts with customers	**3,698,690**	**1,905,337**

Revenue is recognised overtime for services transferred because as the Company performs, the customer simultaneously receives and consumes the benefits provided by the Company's performance.

Other services represents revenue earned from the health and Wellness facilities, Laundry and business centre.

	2021	2020
Revenue	₦'000	₦'000
External customer	3,827,964	1,905,337
Total revenue from contracts with customers	**3,827,964**	**1,905,337**

4.1 Contract balances

	2021	2020
	₦'000	₦'000
Trade receivables (Note 17)	575,856	311,012

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. As disclosed in note 17, in 2021, N122.45million (2020: N91.67million) was recognised as provision for expected credit losses on trade and related party receivables.

5. Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Company's other components. For managment purposes, the Company is organised into business unites based on its services and has three reportable segments as stated below.

All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decision about resources to be allocated to the segment and assess its performance, and for which discrete information available. Segment performance is evaluated based on profit or loss and it is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance cost, finance income and other income) and income taxes are managed on a group basis and are not allocated to operating segment.

Segment results that are reported to the Chief Executive Officer include revenue and cost of sales directly attributable to a segment as well as those that can be alocated on a reasonable basis.

The company has three operating segments, summarised as follows:

Rooms
Food and Beverages
Other services

5. Segment information

	2021				2020			
	Revenue	Cost of sales	Gross profit	Gross profit margin	Revenue	Cost of sales	Gross profit	Gross profit margin
	₦'000	₦'000	₦'000		₦'000	₦'000	₦'000	₦'000
Rooms	1,856,450	247,342	1,609,108	87%	930,890	111,946	818,944	88%
Food and Beverages	1,564,321	488,549	1,075,772	69%	678,278	220,110	458,168	68%
Other services	407,193	35,428	371,765	91%	296,169	(15,898)	312,067	105%
Others*	-	2,529,914	(2,529,914)	-	-	1,947,116	(1,947,116)	-
	3,827,964	3,301,233	526,731	247%	1,905,337	2,263,274	(357,937)	261%

* Others represents centralised expenses which cannot be apportioned to any single segment.

6. Capital management

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

The company seeks to optimise the structure and sources of capital to ensure that it consistently maximizes returns to shareholders . The company monitors capital using a gearing ratio, which is total debt divided by total equity. The company includes within net debt, trade and other payables, less cash and short term deposit .

	2021	2020
	₦'000	₦'000
Trade and other payables	1,966,540	1,679,550
Cash and short term deposit (Note 19)	(1,004,149)	(1,565,246)
Net debt	**962,391**	**114,304**
Total capital: Equity	6,101,565	6,422,026
Capital and net debt	**7,063,956**	**6,536,330**
Gearing ratio	**16%**	**2%**

The company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis

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

	Note	2021 ₦'000	2020 ₦'000
7. Cost of sales			
Rooms		247,342	111,946
Food and beverages cost		488,549	220,110
Other operating costs		1,631,425	1,497,426
Credit loss expense/(write back) on trade receivables		29,198	11,150
Staff costs (Note 7.1)		904,719	464,888
Total cost of sales		3,301,233	2,305,520

	2021 ₦'000	2020 ₦'000
7.1 Included in cost of sales:		
Wages and salaries	875,157	432,823
Pension costs	29,562	32,065
	904,719	464,888
Included in cost of administrative expenses:		
Wages and salaries	27,969	27,185
Pension costs	1,314	1,139
	29,283	28,324
Total employee benefits expense	934,002	493,212

	Note	2021 ₦'000	2020 ₦'000
8. Other operating income			
Net foreign exchange gain		69,433	418,507
(Charge)/Write back of Impairment allowance on Intercompany receivables	28.4	(1,577)	1,772
Gain on Scrap sales		60,543	3,870
Others*		-	3,572
Gain on Disposal of PPE		35,000	
Total other operating income		163,399	427,721

Others relates to unclaimed dividend income and miscellanous income.

	Note	2021 ₦'000	2020 ₦'000
9. Administrative expenses			
Staff cost (Note 7.1)		29,283	28,324
Depreciation of property plant and equipment	14	282,805	347,981
Amortisation of intangible assets	15	69,343	84,995
Auditors remuneration		10,000	7,500
Directors' remuneration	26	1,670	1,870
Directors' expenses	26	24,137	22,634
Bank charges		195	1,847
Office expenses		20,253	18,117
Fines and penalties		3,870	-
Transport and Traveling		1,301	772
Insurance		13,224	29,420
Professional fees		4,522	7,130
VAT/WHT Expense*		239,243	
Secretarial and meetings		13,435	7,947
Total administrative expenses		713,281	558,537

*This relate to additional VAT/WHT liability arising from tax audit

The Company's Auditor did not perform any non audit services during the year (2020: Nil)

	2021	2020
	₦'000	₦'000
10. Finance income		
Interest income calculated using effective interest method		
Interest on intercompany loans	20,531	22,039
	20,531	22,039

11. Loss before taxation

Loss before taxation is stated after charging:	2021	2020
	₦'000	₦'000
Amortisation of intangible assets (Note 9)	69,343	84,995
Depreciation (Note 9)	282,805	347,981
Auditors remuneration (Note 9)	10,000	7,500
Exchange gain (Note 8)	(69,433)	(418,507)

12. Income tax

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

Statement of profit or loss	2021	2020
	₦'000	₦'000
Current income tax:		
Income tax charge	80,351	5,938
Education tax charged	12,054	-
Under provision**	342,166	-
	434,571	5,938
Deferred tax:		
Relating to reversal and origination of temporary differences	(116,730)	(230,797)
Income tax expense/(credit) reported in the statement of profit or loss	**317,841**	**(224,859)**

Reconciliation of tax expense and the accounting profit multiplied by Nigeria's domestic tax rate of 30% for 2021 and 2020:

	2021	2020
	₦'000	₦'000
Accounting profit before income tax	(2,620)	(466,714)
At Nigeria's statutory income tax rate of 30% (2020: 30%)	(786)	(140,014)
Education tax	12,054	-
Impact of non-taxable income	(47,042)	(138,552)
Other non-deductible expenses	99,382	48,929
Capital allowance utilised	(87,933)	(1,160)
Under provision**	342,166	-
Minimum tax	-	5,938
Income tax expense reported in the statement of profit or loss	**317,841**	**(224,859)**
Effective income tax rate	**-12131%**	**48%**

**This relates to additional income tax liability arising from tax audit

12. Income tax - continued

Deferred tax

	Statement of financial position	
Deferred tax relates to the following:	2021	2020
	₦'000	₦'000
Accelerated depreciation for tax purposes	73,139	272,086
Unrelieved capital allowance	-	(73,769)
Expected credit losses of debt financial assets	(3,673)	-
Unrealised exchange gain	2,232	125,004
Unrelieved losses	-	(134,893)
Revaluation surplus	906,841	906,841
Net deferred tax liability	**978,539**	**1,095,269**

Deferred tax reflected in the statement of financial position as follows:

Deferred tax assets	(3,673)	-
Deferred tax liabilities	982,210	1,095,269
Deferred tax liability, net	**978,537**	**1,095,269**

	Statement of profit or loss	
	2021	2020
	₦'000	₦'000
Accelerated depreciation for tax purposes	(198,947)	(123,804)
Expected credit losses of debt financial assets	(3,673)	63,666
Unrelieved capital allowance	73,769	(73,769)
Unrealised exchange gain	(122,772)	38,002
Unrelieved losses	134,893	(134,893)
Deferred tax benefit	**(116,730)**	**(230,798)**

	Other comprehensive income	
	2021	2020
	₦'000	₦'000
Revaluation surplus	-	906,841
Deferred tax expense	**-**	**906,841**

Reconciliation of deferred tax liability, net

As of 1 January	1,095,269	419,226
Tax income for the year	-	676,043
As at 31 December	**1,095,269**	**1,095,269**

Reconciliation of income tax payable

As of 1 January	226,945	321,621
Income tax expense for the year	92,405	5,938
Under provision	342,166	
WHT Credit note set-off	(5,992)	(100,614)
Payment during the year	(60,000)	-
As at 31 December	**595,524**	**226,945**

13. Earnings per share (EPS)

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

Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders 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:

	2021 ₦'000	2020 ₦'000
Loss attributable to ordinary equity holders for basic earnings	(320,461)	(241,855)
	Thousands	**Thousands**
Average number of ordinary shares for basic EPS	1,548,780	1,548,780
Basic Loss per share (Kobo)	(0.21)	(0.16)
Diluted Loss per share (Kobo)	(0.21)	(0.16)

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.

14. Property, plant and equipment

	Freehold Land	Building	Plant & Machinery	Furniture, Fittings and equipment	Motor Vehicle	Capital work in progress*	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost							
1 January 2020	356,392	964,035	2,305,493	3,742,391	227,284	4,295,932	11,891,527
Additions	-	15,746	35,276	86,409	3,250	576,344	717,025
Revaluation adjustment	9,068,408	-	-	-	-	-	9,068,408
Disposal				(8,958)	(6,250)		(15,208)
31 December 2020	9,424,800	979,781	2,340,769	3,819,842	224,284	4,872,276	21,661,752
Additions	-	41,333	-	78,937	-	317,813	438,083
Disposal	-	-	(219,152)	-	-	-	(219,152)
31 December 2021	9,424,800	1,021,114	2,121,617	3,898,779	224,284	5,190,089	21,880,683
Accumulated depreciation and impairment losses							
1 January 2020	-	326,959	2,010,029	3,155,966	227,283	93,344	5,813,581
Depreciation for the year	-	32,199	100,691	214,888	203	-	347,981
Disposal	-	-	-	(8,958)	(6,250)	-	(15,208)
31 December 2020	-	359,158	2,110,720	3,361,896	221,236	93,344	6,146,354
Depreciation for the year	-	32,545	85,180	164,267	813	-	282,805
Disposal	-	-	(219,152)	-	-	-	(219,152)
31 December 2021	-	391,703	1,976,748	3,526,163	222,049	93,344	6,210,007
Net book value							
At 31 December 2021	9,424,800	629,411	144,869	372,616	2,235	5,096,745	15,670,676
At 31 December 2020	9,424,800	620,623	230,049	457,946	3,048	4,778,932	15,515,398

***Capital work in progress consists of Cabana suites under construction and Hotel building renovation.**

There is no restriction to the title of property, plant and equipment
There ia no item of property, plant and equipment pledged as collateral
The carrying amount of Land if it were to be carried at cost is N9,424,800,000
The company has no contractual commitment at year end (2020 Nil)

15. Intangible assets

	2021	2020
Computer software with definite useful life	₦'000	₦'000
Cost:		
At 1 January	262,195	250,892
Additions	-	11,303
At 31 December	**262,195**	**262,195**
Amortisation and impairment:		
At 1 January	175,309	90,314
Amortisation	69,343	84,995
At 31 December	**244,652**	**175,309**
Carrying value	**17,543**	**86,886**

Computer software consists of acquisitions costs of software used in the day-to-day operations of the Company. There was no objective evidence of impairment of the intangible assets as at 31 December 2021 (2020: Nil).

16. Inventories

	2021	2020
	₦'000	₦'000
Food and beverages	55,593	31,899
	55,593	**31,899**

During 2021, N476,565,191 (2020: N179,657,636) was recognised as an expense for inventories carried at net realisable value. This is recognised in the cost of sales.

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

17. Trade and other receivables

	2021	2020
	N'000	₦'000
Receivables from third-party customers	575,856	311,012
Receivables from other related parties (Note 26)	506,647	517,717
Allowance for expected credit losses (Note 28.4)	(122,448)	(91,674)
	960,055	737,055
Other receivables (Note 17.1)	159,135	143,210
	1,119,190	**880,265**

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. For terms and conditions relating to related party receivables, refer to Note 25.

17.1 Other receivables

	2021	2020
	₦'000	₦'000
Advances to staff	14,947	26,780
Deposits	2,638	1,801
WHT receivables	84,336	103,196
WHT credit note	57,214	11,433
	159,135	**143,210**

All trade and other receivables are due and receivable within one year from the end of the reporting period.
Due to the short-term nature of the current receivables, their carrying amount approximates the fair value.

Trade receivables

As at 31 December 2021, the Company has trade receivables of N575,856,000 (2020: N311,012,000) which is net of an allowance for credit losses of N109,984,735 (2020: N81,630,000).

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

	2021	2020
	₦'000	₦'000
As at 1 January	91,674	82,296
Provision/(Reversal) of expected credit loss allowance	30,774	9,378
	122,448	91,674

The significant changes in the balances of trade and other receivables and the information about the credit exposures are disclosed in Note 28.4A.

18. Prepayments

	2021	2020
	₦'000	₦'000
Maintenance contracts	6,232	15,541
Staff benefits prepaid	-	3,889
Prepaid supplies	154,746	5,541
Subscription	600	2,740
	161,578	27,711

19. Cash and short term deposit

	2021	2020
	₦'000	₦'000
Cash on hand	613	615
Cash at banks	799,865	1,264,629
Short term deposit	203,671	300,002
	1,004,149	1,565,246

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

Short term deposits earns interest at floating rates based on daily bank deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalent is same as cash and short term deposit deposit as at 31 December as shown above

	2021	2020
	₦'000	₦'000
Cash and short-term deposit	1,004,149	1,565,246

20. Issued capital and reserves

	2021	2020
Authorised shares		
1,600,000 ordinary shares of 50k each	800,000	800,000
Ordinary shares issued and fully paid		
1,548,780,000 ordinary shares of 50k each	774,390	774,390

20.1 Dividend

The directors did not declare any dividend in 2021 (2020:N77.44million).

	2021	2020
	₦'000	₦'000
21. Employee benefit obligation		
At 1 January	298,043	313,470
Payments in the year	(298,043)	(15,427)
At 31 December	-	298,043

Sequel to the agreement made by both the management of the Company and the Staff Union/ Personal Services workers Association to end the staff gratuity and staff retirement as at 31 December 2017, all retirement benefit participants, including those who have completed five (5) years and above in service as at 31 December 2017 signed off their balance as at date. Payment will be made to staff that qualifies for the benefit in three installments as follows;

1st batch; October 2019
2nd batch: October 2020
3rd batch: October 2021

22. Trade and other payables	2021	2020
	₦'000	₦'000
Trade payables	209,817	95,675
Related parties (Note 25)	-	-
Other payables (Note 22.1)	1,235,161	992,391
Accrued liabilities	521,562	591,484
	1,966,540	1,679,550

Accrued liabilities represents accruals for Directors fee, sitting allowances due to retired Directors, secretarial fees accruals, bonus accrual and general accruals

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months
- For terms and conditions with related parties, refer to Note 25

For explanations on the Company's liquidity risk management processes, refer to Note 28.4.

22.1 Other payables	2021	2020
	₦'000	₦'000
Entertainment tax payable	107,026	110,078
Service charge payable	30,243	13,272
Pension	591	307
Miscellaneous	47,572	22,424
CHP/ SAH Current account	367,305	423,407
Dividend payable	89,268	89,268
PAYE	3,820	4,011
VAT payable	547,478	329,115
WHT Payable	41,858	509
	1,235,161	992,391

23. Contract Liability	2021	2020
	₦'000	₦'000
Deposit from guests	188,296	189,819

Contract liability represents deposit from guests for room and banquet reservation, which are the core revenue streams of the company. These contract liabilities are short term advance payment for service to be rendered in the future. Revenue recognised in 2021 amounts ₦87.9 million (2020:289.8 million).

24. Deferred income	2021	2020
	₦'000	₦'000
At 1 January	34,186	48,170
Received in the year	131,786	28,262
Charged in the year	(129,274)	(42,246)
At 31 December	36,698	34,186

Deferred income relates to rent received in advance but not yet earned.

25. Cash generated from operations		2021	2020
		₦'000	₦'000
Profit before tax		(2,620)	(466,714)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	9	282,805	347,981
Amortisation of intangible assets	9	69,343	84,995
Credit loss expense/(write back) on trade receivables	7	29,198	11,150
Impairment allowance (written back)/charge on intercompany receivable	8	1,577	(1,772)
Net foreign exchange differences	8	(69,433)	(418,507)
Gain on Scrap sales	8	(60,543)	(3,870)
Gain on disposal of property, plant and equipment		(35,000)	-
Finance income	10	(20,531)	(22,039)
Working capital adjustments:			
(increase)/decrease in inventories		(23,694)	18,931
(increase)/decrease in trade and other receivables		(269,699)	94,440
increase in prepayments		(133,867)	(1,360)
Increase/(decrease) in trade and other payables		286,990	(110,369)
Increase/(decrease) in deferred income		2,512	(13,984)
Decrease in Contract liability		(1,523)	(100,050)
		55,515	(581,168)
Employee benefit paid		(298,043)	(15,427)
Income tax paid		(60,000)	-
		(302,528)	(596,595)

26. Related party disclosures

The immediate parent Company is Hans-Gremlin Nig. Ltd while the ultimate parent Company is Ikeja Hotels Plc. There are other Companies that are related to Capital Hotels Plc through common shareholdings and directorship and such relationships are listed below;

Related Company	**Relationship**	**Industry**
Ikeja Hotels Plc	Parent	Hospitality
CHP Hospitality and Tourism Limited	Fellow subsidiary	Hospitality

The following table provides the total amount of transactions that have been entered into with related parties during the year

31 December 2021	**Loan to related parties ₦'000**	**Purchases from related parties ₦'000**	**Amounts owed by related parties (Loan) ₦'000**	**Amounts owed to related parties ₦'000**
Entity with significant influence over the Company:				
Ikeja Hotels Plc	-	-	506,647	-
CHP Hospitality and Tourism Limited			-	-
	-	-	506,647	-

26. Related party disclosures - continued

31 December 2020	Loan to related parties ₦'000	Purchases from related parties ₦'000	Amounts owed by related parties (Loan) ₦'000	Amounts owed to related parties ₦'000
Entity with significant influence over the Company:				
Ikeja Hotels Plc	-	-	517,717	-
CHP Hospitality and Tourism Limited			-	-
	-	**-**	**517,717**	**-**

Terms and conditions of transactions with related parties

The Company provided a loan facility of N1billion to Ikeja Hotels Plc on 4 November 2010 and the terms of the loan renegotiated on 30 Apri 2018. The term of the loan was agreed to be three and a half years on that date. The loan pays interest at 4% per annum and it was expected to be fully repaid by August 2021, however due to cashflow strain repayment has been extended indefinitely. For the year ended 31 December 2021, the Company recognised an expected credit losses (ECL) expense of N1,577,254 relating to provision for related parties receivables (2020: write back for ECL of N1,772,000)

Compensation of key management personnel

	2021 ₦'000	2020 ₦'000
Emoluments of directors		
Salaries and other short-term employee benefits	1,670	1,870
Defined contributions	1,314	1,139
Fees and allowances	24,137	22,634
Total compensation paid to key management personnel	27,121	25,643
Amount paid to the highest paid director (excluding pension contributions)	10,000	11,191
Chairman's emoluments		
Fees	270	270

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

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:

	2021 Number	2020 Number
Above N10,000,000	1	1

27. Commitments and contingencies

Commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the company have been taken into consideration in the preparation of these financial statements.

28. Financial assets and financial liabilities

28.1 Financial assets

	2021	2020
Debt instruments at amortised cost	₦'000	₦'000
Bank and short term deposits	1,004,149	1,565,246
Trade and other receivables (Note 17)	977,640	765,636
	1,981,789	2,330,882

Debt instruments at amortised cost include trade receivables and receivables from related parties.

28.2 Financial liabilities

	2021	2020
Financial liabilities at amortised cost	₦'000	₦'000
Trade and other payables (Note 22)	1,265,767	1,235,530

28.3 Fair values

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

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

	Date of valuation	Quoted prices in active markets (Level 1) ₦'000	Prices other than quoted price in active makets (Level 2) ₦'000	Significant unobservable inputs (Level 3) ₦'000
Asset measured at fair value				
Property, plant and equipment:				
Land	31-Dec-20	-	-	9,424,800
Total				9,424,800

Valuation Methodology

Management determined that the land constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the land was determined using the Direct market comparison method. The valuations have been performed by the valuer and are based on prices paid in actual market transactions for similar properties with unit sale prices of comparables adjusted to the characteristics of the subject property. As at the dates of revaluation on 31 December 2020, the land's fair value are based on valautions performed by Knight Frank Chartered Surveyors & Co., (signed by: Oyeleke Oyegoke Akanbi FRC/2013/0000000000584) an accredited independent valuer who has valuation experience for similar properties. No valuation was performed in 2021 because the valuation as at 2020 continues to be relevant. No net gain from the revaluation of the land was recognised in OCI (2020: ₦9,068,480,000).

Significant unobservable valuation input:	**Range**	
	2021	**2020**
Price per square metre	-	₦83,333 - ₦115,385

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

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

There were no transfers between Levels during 2021.

28.4 Financial instruments risk management objectives and policies

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

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

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Contractual agreements on exchange rates
Credit risk	Cash and cash equivalents and trade receivables	Aging analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of the currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include cash and short term deposits denominated in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not expose to this risk as the Company has no long-term debt obligations.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 19) on the basis of expected cash flows.

This is generally carried out at each of the respective periods in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Company'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.

28.4 Financial instruments risk management objectives and policies - Continued

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The company's exposure to foreign currency risk at the end of the reporting period expressed in the individual foreign currency unit was as follows:

	2021 '000	2020 '000
Cash and short term deposits		
Cash balances in Banks		
United State Dollar (USD)	570,658	1,042,194
Great Britain Pounds (GBP)	23,675	24,122
EURO	36,726	40,771
Total	631,059	1,107,087

Foreign Currency sensitivity

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

31 December 2021		31 December 2020	
Change in USD rate	Effect on profit before tax ₦'000	Change in USD rate	Effect on profit before tax ₦'000
5%	4,785	6%	45,648
-5%	(4,785)	-6%	(45,648)
Change in GBP rate	Effect on profit before tax ₦'000	Change in USD rate	Effect on profit before tax ₦'000
5%	1,110	6%	1,728
-5%	(1,110)	-6%	(1,728)
Change in EURO rate	Effect on profit before tax ₦'000	Change in USD rate	Effect on profit before tax ₦'000
5%	11,596	6%	1,827
-5%	(11,596)	-6%	(1,827)

Credit risk

Credit risk arises from cash and short term deposits with banks and other financial institutions, as well as credit exposures to related parties and to customers.

(i) Risk management

Credit risk is managed by performing credit checks on all clients requiring credit over certain amounts. Credit is authorised beyond the credit limits established where appropriate.

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

28.4 Financial instruments risk management objectives and policies - Continued

The company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating. Management actively monitors credit ratings and given that the Company only has invested in securities with higher credit ratings, management does not expect any counterparty to fail to meet its obligations.

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

(ii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. However, some guests are required to provide security deposits for credit transactions while others are granted credit on the strength of their credibility and past performances.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There are no credit ratings for Capital Hotels Plc's trade and other receivables. Credit ratings from Global Credit Rating Co. (GCR) are highlighted below:

	2021	2020
	₦'000	₦'000
Cash at bank and short-term bank deposits A+(nga)	1,003,536	1,564,631
Unrated cash and cash equivalents	613	615
Unrated trade and other receivables	1,119,190	880,265
Maximum credit exposure	2,123,339	2,445,511

(iii) Impairment of trade and related party 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 17. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset no to be in default when internal or external information indicates that the Company is likely to receive the outstanding contractual amounts in full. The provision matrix is initially based on the Company's historical observed default rates. The company 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 hospitality 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.

28.4 Financial instruments risk management objectives and policies - continued

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Days past due						
	0-30 days	31-60 days	61-90 days	91 -180 days	181-360 days	>360 days	Total
31-Dec-21	₦'000	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	10.36%	11.09%	12.67%	28.89%	21.22%	100.00%	
Estimated total gross carrying amount at default	230,178	50,792	35,614	56,548	104,993	97,731	575,856
Expected credit loss	6,366	1,902	1,628	3,667	15,191	82,073	110,827

	0-30 days	31-60 days	61-90 days	91 -180 days	181-360 days	>360 days	Total
31-Dec-20	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	11.02%	11.80%	13.47%	14.63%	38.67%	100.00%	
Estimated total gross carrying amount at default	36,922	16,230	7,718	1,370	188,450	60,322	311,012
Expected credit loss	1,104	816	612	60	18,716	60,322	81,630

Set out below is the movement in the allowance for expected credit losses of trade and related party receivables: Overall, the economic forecast condition deterioted in 2021 due to the slow recovery of the Nigerian economy from COVID 19 pandemic and this had an adverse impact on the loss rate used to calculate the ECL for trade receivables. The debtors within the 90> ageing category are government entities for which the probability of default is low and the reason for the adverse ageing is due to the time lag in obtaining regulatory approvals.

	2021	2020
	₦'000	₦'000
As at 1 January	91,674	82,296
Charge for the year	30,774	9,378
As at 31 December	122,448	91,674

28.4 Financial instruments risk management objectives and policies - continued

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 significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial 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 financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company'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 Company’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.

28.4 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.

31 December, 2021

Key drivers	Assigned Probabilities	ECL Scenario	2021	2022	2023	2024	Subsequent years
GDP Growth	10%	Upturn	0.26	0.26	0.36	0.33	0.30
	80%	Base	0.34	0.34	0.11	0.80	0.60
	10%	Downturn	0.36	0.36	0.01	0.01	0.01
Oil Price %	10%	Upturn	57.07	57.07	68.00	63.00	70.00
	80%	Base	54.96	54.96	56.00	53.00	50.00
	10%	Downturn	52.64	52.64	32.00	28.00	27.00
Inflation rate %	10%	Upturn	0.11	0.11	18.00	12.00	10.00
	80%	Base	0.12	0.12	35.00	33.00	28.00
	10%	Downturn	0.12	0.12	42.00	39.00	37.00

31 December, 2020

Key drivers	Assigned Probabilities	ECL Scenario	2020	2021	2022	2023	Subsequent years
GDP growth	10%	Upturn	0.24	0.26	0.26	0.36	0.39
	80%	Base	0.23	0.34	0.34	0.11	0.12
	10%	Downturn	0.34	0.36	0.36	0.01	0.01
Oil Price %	10%	Upturn	55.61	57.07	57.07	68.00	75.00
	80%	Base	53.50	54.96	54.96	56.00	60.00
	10%	Downturn	51.18	52.64	52.64	32.00	30.00
Inflation rate %	10%	Upturn	0.11	0.11	0.11	18.00	18.00
	80%	Base	0.12	0.12	0.12	35.00	38.00
	10%	Downturn	0.12	0.12	0.12	42.00	46.00

28.4 Financial instruments risk management objectives and policies - continued

	2021	2020
	Intercompany receivables	
	N'000	**N'000**
Upturn	578	891
Base	1,000	8,313
Downturn	10,043	840
	11,621	**10,044**

Due from related company

An analysis of changes in the gross carrying amount and the corresponding ECL allowances are as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2021	517,717	-	-	517,717
Transfer to stage 2	(517,717)	517,717	-	-
Additions	-	-	-	-
Asset derecognised or repaid (excluding write offs)	-	(11,070)	-	(11,070)
At 31 December 2021	**-**	**506,647**	**-**	**506,647**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2021	10,044	-	-	10,044
Transfer to stage 2	(10,044)	10,044	-	-
Charge/(Reversal) for the year	-	1,577	-	1,577
At 31 December 2021	**-**	**11,621**	**-**	**11,621**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2020	613,501	-	-	613,501
Additions	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(95,784)	-	-	(95,784)
At 31 December 2020	**517,717**	**-**	**-**	**517,717**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2020	11,816	-	-	11,816
Charge/(Reversal) for the year	(1,772)	-	-	(1,772)
At 31 December 2020	**10,044**	**-**	**-**	**10,044**

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Excessive risk concentration

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 Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company'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 profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
Year ended 31 December 2021	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade and other payables*	-	-	1,265,767	-	-	1,265,767
	-	-	1,265,767	-	-	1,265,767

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total days
Year ended 31 December 2020	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade and other payables*	-	-	1,235,530	-	-	1,235,530
	-	-	1,235,530	-	-	1,235,530

*Trade and other payables balance above is net of PAYE, WHT, VAT, Entertainment tax and Pension

29. Staff numbers and costs

The table below shows the number of employees (excluding directors), who earned over N200,000 as emoluments in the year and were within the bands stated.

Staff Numbers per grade	2021 Number	2020 Number
Managerial	8	9
Others	277	558
	285	567

	2021	2020
N0- N200,000	-	-
N200,001-N400,000	106	215
N400,001-N600,000	14	49
N600,001-N800,000	20	24
N800,001- N1,000,000	24	30
Above N1,000,000	121	249
	285	567

Staff costs for the above persons (excluding Directors):

	2021 ₦'000	2020 ₦'000
Salaries and wages	903,126	460,008
Pension cost	30,876	33,204
	934,002	493,212

30. Events after the reporting period

There were no known events after the reporting date which could have a relevant impact on the financial statements of the Company that had not been adequately provided for or disclosed in the financial statements.

CAPITAL HOTELS PLC
STATEMENT OF VALUE ADDED
AS AT 31 DECEMBER 2021

	2021 ₦'000	%	2020 ₦'000	%
Revenue	3,827,964		1,947,583	
Other operating income	163,399		427,721	
Finance income	20,531		22,039	
	4,011,894		2,397,343	
Bought in services				
- Foreign	(136,418)		(96,909)	
- Local	(2,591,946)		(1,840,976)	
Total Value added	1,283,530		459,474	
Applied as follows:				
Employees				
Salaries and other labour related benefits	934,002	48	493,212	107
Government				
Taxation	434,571	13	5,938	12
The Future				
Deferred tax	(116,730)	18	(230,797)	20
Depreciation and amortisation	352,148	20	432,976	22
Loss for the year	(320,461)	1	(241,855)	(1)
	1,283,530	100	459,474	100

CAPITAL HOTELS PLC
FIVE YEAR FINANCIAL SUMMARY
AS AT 31 DECEMBER 2021

Assets	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000
Property, plant and equipment	15,670,676	15,515,398	6,077,946	4,352,425	4,462,113
Intangible assets	17,543	86,886	160,578	26,101	38,095
Net current (liabilities)/assets	(446,548)	374,621	1,235,492	3,067,815	3,015,733
Non current liabilities	(978,539)	(1,393,312)	(732,696)	(1,029,358)	(1,338,746)
	14,263,132	14,583,593	6,741,320	6,416,983	6,177,195
Equity					
Issued capital	774,390	774,390	774,390	774,390	774,390
Retained earnings	5,327,175	5,647,636	5,966,930	5,642,593	5,402,805
Revaluation Surplus	8,161,567	8,161,567	-	-	-
Total equity	14,263,132	14,583,593	6,741,320	6,416,983	6,177,195

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000
Revenue	3,827,964	1,947,583	5,188,276	5,977,436	5,622,013
(Loss)/profit before taxation	(2,620)	(466,714)	622,409	507,781	782,288
Taxation	(317,841)	224,859	(699,656)	(127,835)	155,396
(Loss)/profit after taxation	(320,461)	(241,855)	(77,247)	379,946	937,684

	2021	2020	2019	2018	2017
	(0.21)	(0.16)	(0.05)	0.25	0.61