CAPITAL HOTELS PLC

RC: 36985

(Owners of Abuja Continental Hotel)

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UNAUITED FINANCIAL STATEMENT

FOR THE 4TH QUARTER (12 MONTHS) ENDED
31 DECEMBER 2022

CAPITAL HOTELS PLC
Interim Financial Report
FOR THE 4TH QUARTER (12) MONTHS ENDED 31 DECEMBER, 2022

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CAPITAL HOTELS PLC

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2022

	Notes	Unaudited DECEMBER 2022 N'000	Unaudited DECEMBER 2021 N'000	Audited DECEMBER 2021 N'000
Assets:				
Non current assets				
Property, plant and equipment	8.	**16,226,162**	15,677,274	15,670,676
Intangible assets	9	**80,052**	15,389	17,543
		16,306,215	15,692,663	15,688,219
Current assets:				
Inventories	10	**59,544**	55,592	55,593
Trade and other receivables	11	**658,931**	989,039	1,119,190
Prepayments	12	**105,231**	286,116	161,578
Cash and short term deposit	13	**11,348,319**	998,399	1,004,149
		12,172,025	2,329,145	2,340,510
Total assets		**28,478,239**	18,021,808	18,028,729
Equity				
Issued capital	18	**1,580,388**	774,390	774,390
Retained earnings	19	**4,923,312**	5,160,003	5,327,175
Revaluation surplus	18.3	**8,161,567**	8,161,567	8,161,567
Share Premium	18.2	**10,076,720**	-	-
		24,741,988	14,095,960	14,263,132
Non- Current Liabilities				
Non-current liabilities				
Employee benefit obligation	14	**-**	234	-
Deferred tax liabilities	17	**978,539**	1,095,270	978,539
Total non-current liabilities		**978,539**	1,095,504	978,539
Current liabilities				
Trade and other payables	15	**2,344,801**	2,004,717	2,154,836
Contract Liabbility		**-**	-	-
Deferred income		**29,492**	36,698	36,698
Income tax payable	16	**383,419**	788,928	595,524
Total current liabilities		**2,757,713**	2,830,344	2,787,058
Total liabilities		**3,736,252**	3,925,848	3,765,597
Total equity and liabilities		**28,478,239**	18,021,808	18,028,729

These financial statements were approved by the Board of Directors on **27 January 2023 and signed on its behalf by:**

Mr. Ravi Bachu	**Alhaji Aminu Abdulkadir**	**Mr. R.A.M. Itawa**
Managing Director/CEO	**Director**	**Chief Finance Officer**
FRC/2023/PRO/DIR/071/893689	**FRC/2023/PRO/DIR/071/460507**	**FRC/2013/ICAN/0000000887**

The accompanying notes on pages 7 to 31 form an integral part of these financial

CAPITAL HOTELS PLC

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE TWELVE MONTHS ENDED 31 DECEMBER, 2022

	Notes	Unaudited 3 Months to 31-Dec-22 N'000	12 Months to 31-Dec-22 N'000	3 Months to 31-Dec-21 N'000	12 Months to 31-Dec-21 N'000	Audited December 2021 N'000
Turnover	5.11	**625,860**	**5,332,322**	1,479,351	3,827,963	3,827,964
Cost of sales	5.11	**(992,524)**	**(5,210,792)**	(1,085,324)	(3,268,185)	(3,301,233)
Gross Profit/(loss)		**(366,664)**	**121,530**	394,027	559,778	526,731
Other operating income	20	**686**	**51,763**	3,762	81,435	163,399
Administration expenses	22	**(386,042)**	**(692,351)**	(173,416)	(516,220)	(713,281)
Operating Profit/(Loss)		**(752,020)**	**(519,059)**	224,373	124,993	(23,151)
Finance income	21	**72,699**	**115,196**	5,128	20,531	20,531
(Loss)/profit before tax		**(679,322)**	**(403,863)**	229,501	145,524	(2,620)
Tax expense	16	**-**	**-**	(73,440)	(46,568)	(317,841)
Loss/Profit for the Period		**(679,322)**	**(403,863)**	156,061	98,956	(320,461)
Other comprehensive income:						
Revaluation (Net Tax)		**-**	**-**	-	-	-
Judgement debt expenses		**-**	**-**			
		-	**-**	(5,180)	(5,180)	-
Total comprehensive income for the period		**(679,322)**	**(403,863)**	150,881	93,776	(320,461)
Earning per share:						
- Basic (Kobo)	5.15	**-**	**(0.13)**	10.08	6.39	(0.21)
- Diluted		**-**	**(0.13)**	10.08	6.39	(0.21)

CAPITAL HOTELS PLC

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 DECEMBER, 2022

	Issued share capital N'000	Retained earnings N'000	Revaluation Reserve N'000	Share premium N'000	Total equity N'000
Changes in equity for 2022					
At 1 January 2022	774,390	-	8,161,567	-	8,935,957
(Loss)/Profit for the period		(403,863)		-	(403,863)
Unrealised Gain on currency translation	-	-		-	-
Revaluation of Land	-	-	-	-	-
Total for the period	774,390	(403,863)	8,161,567	-	8,532,094
Issue of share capital	805,998	-			805,998
Share premium				10,477,971	10,477,971
Bonus issue	-	-	-	-	-
Transaction costs for equity issue	-	-	-	(401,250)	(401,250)
Dividends paid during the period	-	-	-	-	-
Contributions by and to owners of the business	805,998	-	-	10,076,721	10,882,719
At 31 December 2022	1,580,388	(403,863)	8,161,567	10,076,721	19,414,813

	Issued share capital N'000	Retained earnings N'000	Revaluation Reserve N'000	Share premium N'000	Total equity N'000
Changes in equity for 2021					
Changes in equity for 2021					
At 1 January 2021	774,390	5,647,636	8,161,567	-	14,583,593
Loss/Profit for the period	-	(320,461)	-	-	(320,461)
Unrealised Gain on currency translation	-	-	-	-	-
for the	774,390	5,327,175	8,161,567	-	14,263,132
Issue of share capital	-	-	-	-	-
Bonus issue	-	-	-	-	-
Transaction costs for equity issue	-	-	-	-	-
Dividends paid during the period	-	-	-	-	-
Contributions by and to owners of the business	-	-	-	-	-
At 31 December 2021	774,390	5,327,175	8,161,567	-	14,263,132

CAPITAL HOTELS PLC

STATEMENT OF CASH FLOWS
FOR THE FORTH QUARTER ENDED 31 DECEMBER, 2022

	Un-Audited December 2022 N'000	Audited December 2021 N'000
Profit after tax	**(403,863)**	(320,461)
Adjustment for:		
Depreciation of property, plant and equipment	**272,943**	282,805
Amortisation of intangible asset	**31,648**	69,343
Post employment benefits		-
Income on investment of unclaimed dividend	**-**	-
Finance income		(20,531)
Profit on dispossal of property, plant and equipment		(60,543)
Unrealised Gain on currency translation		(67,856)
Income tax expense	**-**	317,841
		-
	(99,271)	200,598
Changes in:		
Inventory	**(3,951)**	(23,694)
Other financial assets		
Trade receivables	**460,259**	(238,925)
Other current assets	**56,347**	133,867
Trade and other payables	**189,965**	(286,990)
Share Capital & Share Premium/Reserves	**10,882,718**	
Contract Liabilities	**-**	(1,523)
Deferred income	**(7,206)**	(2,512)
Cash generated from operating activities	**11,478,862**	(219,179)
Post employment benefits		-
Income tax paid	**(212,104.71)**	(60,000)
Net cash from/(used in) operating activities	**11,266,757**	(279,179)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(918,485)**	(120,270)
Capital work in progress	**(216,695)**	(317,813)
Disposal of Asset		
Purchase of intangible asset	**(94,158)**	-
Renovation of Tower 1 and 111	**-**	-
Other Income		124,564
Loan & receivables		11,070
Interest Income		20,531
Net cash flow from/ (used in) investing activities	**(1,229,338)**	(281,918)
Cash flows from financing activities		
Dividend paid		-
Net cash fron/(used in) financing activities	**-**	-
		-
Net increase/(decrease) in cash and cash equivalents	**10,037,419**	(561,097)
Cash and cash equivalents at the beginning of the year	**1,004,149**	1,565,246
Cash and cash equivalents at the end of the period	**11,041,568**	1,004,149

The explanatory notes on pages 6 to 31 form an integral part of these statement of cash flows.

1. 0 PREAMBLE

1.1 The Company

Capital Hotels Plc. was incorporated on 16 January 1981 as a private limited liability company. It became a public liability company (Plc.) on 31 May 1986. Its Hotel, Abuja Continental Hotel commenced business in January 1990.

The Hotel which is located at 1 Ladi Kwali Way, Zone 4, Wuse, Abuja is owned and operated by Capital Hotels Plc, and trading under the name of Abuja Continental Hotel.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by local regulators is included where appropriate.

2.2 Functional/presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. Except as indicated in these financial statements, financial information presented in Naira has been rounded to the nearest thousand.

2.3 Basis of measurement

These financial statements are prepared on the historical cost basis .

2.4 Use of estimates

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

a. Recovery of deferred tax assets

Judgment is required to determine which types of arrangements are considered to be tax on income in contrast to an operating cost. Judgment is also required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management assessment of the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by sales volume, operating costs and capital expenditure) and judgment about the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Future changes in tax laws could also limit the ability of the Company to obtain tax deductions in future periods.

b. Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

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

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

Contingent assets and contingent liabilities are not recognised. See Note 29 for full disclosure of contingent liabilities.

c. Allowances on trade receivables

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income statement and reflected in an allowance account against receivables. Interest on the impaired asset where applicable continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

d. Defined benefit obligation

The present value of defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligation include the discount rate.

The Company determines the discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high- quality corporate bond that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the defined benefit obligation.

Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impariment exist.

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

3. Summary of Standards and Interpretations effective for the first time

a. IAS 24 Related parties

The revised standard provides some exemptions for certain government related entities, clarifies the definition of a related party and includes an explicit requirement to disclose commitments to related parties. The revised standard specifically defines associates of the ultimate parent company as related parties of the Company and they have been treated as such in these financial statements.

b. IAS 1 Presentation of financial statements

Clarifies that entities may present the analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

c. IFRS 7 Financial instruments

The amended standard clarified that additional disclosure of maximum exposure to credit risk is only required where the exposure is not reflected in the carrying amount. It requires disclosure of the financial effect of collateral held as security for financial assets and removed the requirement to specifically disclose financial assets, where the terms have been renegotiated. It also clarifies that disclosure of financial instruments obtained by calling on security or collateral is only required where those assets are still held at the reporting date.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the first quarter 31 March 2014, and have not been applied in preparing these financial statements. A summary of those relevant to Capital Hotels Plc have been disclosed in these financial statements:

a) IFRS 9 Financial instruments
Nature of change:

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 introduces a new model for classifying and measuring financial assets. In respect of financial liabilities, all IAS39 requirements are carried forward to IFRS 9. The classification of financial assets depends on its contractual cash flow characteristics and the entity's business model for managing the financial assets.

Impact:

The Company does not have financial assets that are classified as fair value though profit or loss, held to maturity or available for sale. Financial assets in its books are classified as loans and receivables. This type of financial asset shall be measured at amortized cost if the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principals and interest on the principal amount outstanding.

The financial assets of the Company - trade receivables, rent receivables and employees' loans meet the contractual cash flow test which aims to identify whether the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding'. Such assets are managed to realize cash flows by collecting contractual payments over the life of the instrument.

The method of subsequent measurement for the financial assets within the Company will remain the same and measured at amortized cost.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 and no changes arose.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39.

In applying the IFRS 9 impairment requirements, an entity needs to follow one of the approaches below:

- The general approach
- The simplified approach, and
- The purchased or originated credit-impaired approach

This model applies to the Company's trade receivables, rent receivables and staff loans. Capital Hotels Plc will adopt the simplified approach for calculating its impairment loss on trade and other receivables.

The Company has a policy choice between using the general approach or the simplified approach for rent receivables while staff loans will be calculated using the general approach.

A detailed assessment of the impairment provisions under the new model may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Mandatory application date/ date of adoption by the Company:

Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015.

After that date, the new rules must be adopted in their entirety. The Company does not intend to adopt IFRS 9 before its mandatory date.

b Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is applicable to annual periods beginning on or after 1 January 2014.

c Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is applicable to annual periods beginning on or after 1 January 2014.

d Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The amendment is applicable to annual periods beginning on or after 1 January 2014.

e Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendment is applicable to annual periods beginning on or after 1 January 2014.

f IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The amendment is applicable to annual periods beginning on or after 1 January 2014.

g IFRS 15: Revenue from Contracts with Customers

Nature of change:

IFRS 15 issued by IASB for the recognition of revenue replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.
It requires that the in recognizing revenue, the Company must:

1. Identify the **contract(s**) with a customer
2. Identify performance **obligations** in the contract(s)
3. Determine the transaction **price**
4. **Allocate** the transaction price to performance obligations in the contract
5. **Recognize** revenue when (or as) the Company satisfies a performance obligation.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact:

The Company operates two major types of contracts which are walk-in guests and guests on contract. Contracts with walk-in guests are usually oral and entered into over the counter while the guests- on contract usually have written contracts which have been signed by both parties. The room and recreational facilities are distinct in the contracts as both services are not highly integrated with, not highly depended on, each other.

Capital Hotels Plc operates a customer loyalty program through Marriott International(Marriott Rewards, The Ritz-Carlton Rewards and SPG) .The program allow guest earn points for each night spent in the hotel. At the end of the month, the total points earned by a guest is valued by Marriott International. The Company is not responsible for fulfilling the promise on points earned. The value is determined by Marriott International and the responsibility for fulfilling this lies with Marriott International.

The Company has standardized prices for its goods and services. For the rooms, there is a rack rate and a negotiated rate. There is also a standard price for its food and beverage, business centre, laundry services, recreational facilities and other services. The transaction price that will be recognized for accounting purpose will change due to the following reasons:

1. Discounts provided to guests on contracts

2. Agency relationship with Marriott international on the customer loyalty program.

The value of points earned under the loyalty program should not be included in the transaction price.

Capital hotels Plc's contracts with walk-in guests contain performance obligations for the rooms and recreational facilities. The Company currently recognizes all the revenue to the room. Agreements with guests on contracts contain performance obligations for the room, recreational facility, discount, renewal options. Currently, the revenue is only recognized on the room and the Company allocates the discounts only to the room.

The Company needs to allocate the transaction price between the room and recreational facilities for walk-in guests. The Company needs to allocate transaction prices between the room, recreational facilities and renewal options for guests on contracts. The allocation will be done using the relative stand-alone selling price at the inception of the contract.

The Company will also need to present separately, contract assets and contract liability as a separate line item in the statement of financial position. Specifically, contract liability may arise from renewal options.

The Company will disclose adequate information in the financial statements that will meet the objective of disclosure requirements of IFRS 15. To achieve this, the following among others will be disclosed:

1. The amount of revenue recognised from contracts with customers separately from other sources of revenue
2. Impairment losses from contracts with customers separately from other impairment losses
3. Disaggregation of revenue into types of goods and services rendered
4. The opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers.

Mandatory application date/ date of adoption by Company:

Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Company is 1 January 2018.

h. IFRS 16: Leases
Nature of change:

Capital Hotels Plc has no lease arrangements within its facilities for now. It is understood that IFRS 16 basically carries forward the requirements of IAS 17 for lessors. The lessor will still account for its leases as operating or financing lease.

The new standard will not have any significant impact on the Company and its operations.

Mandatory application date/ date of adoption by Company:

Mandatory for financial years commencing on or after 1 January 2018.
Expected date of adoption by the Company is 1 January 2018.

5. Summary of significant accounting policies

5.1 Foreign currencies

5.1.1 Foreign currency transactions

Transactions in foreign currencies are recorded in Nigerian Naira at the rates of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction.

Exchange differences on transactions entered into to hedge foreign currency risks.

Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

5.2.1 Financial instruments

Financial instruments carried at the statement of financial position date include the loans and receivables, cash and cash equivalents and borrowings. Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. The various classifications of financial instruments, their measurement subsequent to initial recognition, reclassifications and derecognition are stated as follows:

5.2.2 The Company recognizes Borrowings and loans from related parties when it becomes a party to the contractual provisions of the loan. The loan(s) was measured at initial recognition, at fair value plus transaction costs, if any.

Subsequently, the loans were measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability. Interest expense calculated on the effective intrest method is included in profit or loss in fincance cost.

However, the short-term loan under consideration was granted at zero interest rate.

5.3 Financial assets

5.3.1 Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has loans and receivables as its non-derivative financial assets.

5.3.2 Loans and receivables

Cash and cash equivalents comprise cash at banks, cash on hand and short-term deposits. These are subject to insignificant risk of changes in value and are stated at carrying amount, which is deemed to be fair value. Bank Overdrafts that are repayable on demand and form part of the Company's cash management are included as components of Cash and Cash equivalent for the purpose of the Statement of Cash Flows

5.3.3 Accounting Policy for Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and short-term deposits. These are subject to insignificant risk of changes in value and are stated at carrying amount, which is deemed to be fair value. Bank Overdrafts that are repayable on demand and form part of the Company's cash management are included as components of Cash and Cash equivalent for the purpose of the Statement of Cash Flows.

5.3.4 Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expires. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans, bank overdrafts, trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

5.4 Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares (net of issuing expenses) in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability when declared.

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

5.5 Property, plant and equipment

5.5.1 Information relating to movement in property, plant & equipment is shown in Note 8 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.

All property, plant and equipment are stated at cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets for which the commencement date for capitalisation is on or after 1 January, 2011.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

5.5.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Land	-	Nil
Building	-	$2^1/_2$%
Motor vehicles	-	25%
Plant and Machinery	-	15%
Furniture, fittings and equipment	-	15%

Land is not depreciated

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.5.3 Derecognition of property, plant and equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

5.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

5.7 Intangible assets
5.7.1 Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

5.7.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

5.7.3 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Item	
Computer software	10%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.8 Impairment

5.8.1 Financial assets (these include receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise favourable, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3.8.2 Financial assets (these include receivables)

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

5.8.2 Non-financial assets

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

5.8.3 Non-financial assets

The carrying amounts of the Company's non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3.8.4 Non-financial assets

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit, or CGU.)

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

5.8.5 Reversals

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.9 Employee benefits

Equality of opportunity, diversity and inclusion are a part of the hallmark of Capital Hotels Plc.

5.9.1 Defined benefits plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit post-retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset (excess of plan assets over defined benefit obligation) is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in income statement.

5.9.2 Pension fund scheme

In accordance with the provisions of the Pension Reform Act, 2004 (as amended), the Company has instituted a Contributory Pension Scheme for its employees, where the Company and the employees contribute 10% and 8% of the employee emoluments (basic salary, housing and transport allowances) respectively. The Company's contribution under the scheme is charged to the income statement while employee contributions are funded through payroll deductions.

5.9.3 Terminal benefit

Capital Hotels Plc completed its restructuring exercise in the third quarter of 2022. Following the restructuring exercise and renegotiation of the Collective Bargaining Agreement, it necessitated the retirement benefits as well as termination benefits be paid for the affected staff.

Terminal benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

5.10 Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. The combined contributions are remitted monthly to the respective Retirement Savings Accounts of the employees

5.10.1 Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

5.11 Segment reporting

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 relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's COO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the COO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company has three operating segments, summarised as follows:

Rooms:	This includes the sale of rooms and rent of office space
Food and beverage:	This includes the sale of rooms and rent of office space
Other services:	This include the services of other minor operating departments that individually the reported revenue is below 10% of the combined revenue of all operating segments and are similar in the class of customers for their services.

		2022	2021
Revenue		**N'000**	N'000
Rooms		**2,580,967**	1,856,450
Food and beverage		**2,208,232**	1,564,321
Other services		**543,123**	407,193
		5,332,322	3,827,963
Cost of sales			
Rooms		**631,567**	343,747
Food and beverage		**959,549**	732,748
Other services		**65,208**	35,428
Other Operating Overheads:			
	Admin. & Gen. Expenses	**791,189**	607,310
	Information & Telecommunications	**181,567**	104,306
	Utilities	**1,338,089**	792,956
	Property Maintenance	**871,274**	384,773
	Management fee	**124,864**	114,379
	Marketing Fees	**174,659**	152,538
	Loss Prevention Security Expenses	35,600	
		5,173,566	3,268,185
Gross profit		**158,756**	559,779
Gross profit margin (%)		**3**	15

There is no disclosure of depreciation and assets per operating segment because the assets of the Company are not directly related to a particular segment.

5.12 Revenue recognition

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

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

The Hotel 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 Hotel 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.

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

- The Hotel has a present right to payment for the food and beverage;
- The Hotel 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.

5.12.1 Sale of services

Revenue from services is recognised in the period when the service is completed and collectability of the related receivables is reasonably assured.

Hotel and restaurant revenues are recognized when the rooms are occupied and the services are rendered. Deferred revenue consisting of deposits paid in advance is recognized as revenue when the services are rendered. Revenues under management contracts are recognized based upon the attainment of certain financial results, primarily revenue and operating earnings, in each contract as defined.

Full revenue is recognised (usually one night's room charge plus tax) on customers deposit made on room reservation in which reservation was not cancelled within the allotted cancellation period/policy; while 40% of customers' deposit is recognised as revenue on banquette booking in which the reservation was not cancelled two weeks to the date of the event.

5.12.2 Interest on investment

Interest on investment is recognised on accrual basis when the right to receive payment is established.

5.12.3 Dividend

Dividend from investment is recognised on accrual basis when the right to receive payment is established.

5.12.4 Rental income

Rental income from shops, etc is recognized in profit or loss on a straight-line basis over the term of the rent.

5.13 Taxation

5.13.1 Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax and deferred income/capital gains tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

5.13.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted at the statement of financial position date. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, via the Consolidated Statement of Comprehensive Income in which case the deferred tax is also dealt with in equity.

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

5.13.3 Value added tax

Non-recoverable VAT paid in respect of an expense is expensed. Non-recoverable VAT paid in respect of an item of fixed assets is capitalized as part of the cost of the fixed asset.

The net amount owing to or due from the tax authority is included in creditors or debtors.

5.13.4 Withholding tax

The withholding tax credit is used as set-off against income tax payable.

Withholding tax credit which is considered irrecoverable is written-off as part of the tax charge for the year.

5.14 Finance income and finance costs

5.14.1 Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

5.14.2 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

5.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible notes and share options granted to employees.

	2022	2021
	N'000	N'000
Profit after taxation	**(403,863)**	98,956
Number of shares	**3,160,776**	1,548,780
Earnings per share (Kobo):		
- Basic	**(0.13)**	6.39
- Diluted	**(0.13)**	6.39

6. Information on financial risks

The Board of Directors at the apex exercise and assume ultimate authority and responsibility for the corporate risk management. The Risk Management Board Committee is responsible for oversight and approval of risk policies.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports quarterly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Capital Hotels Plc., through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks:

- Strategic risk
- Credit risk
- Financial risk
- Operational risk

6.1 Strategic risk

This specifically focuses on the economic environment, the products offered and the market. The strategic risks arise from a company's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inability to adapt to changes in its business environment.

Capital Management Policies, Objectives and Approach
The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the Company.

- To maintain the required level of financial stability thereby providing a degree of security to stakeholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the contributors, regulators and stakeholders.

Capital Hotels Plc.'s operations are also subject to regulatory requirements within Nigeria where it operates.

Approach to capital management
The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

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 .

The Company's primary source of capital used is equity shareholders' funds.

6.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from loans and receivables, accounts receivables (excluding prepayments and VAT), and cash and cash equivalent.

Exposure to credit risk is monitored on an ongoing basis, with credit checks performed on all clients requiring credit over certain amounts. Credit is authorized beyond the credit limits established where appropriate. Credit granted is subject to regular review, to ensure it remains consistent with the client's creditworthiness and appropriate to the anticipated volume of business.

The maximum credit risk to which the Company is exposed is summarised below:

	2022	2021
	N'000	N'000
Cash and cash equivalent	**11,348,319**	998,399
Trade and other receivables	**658,931**	989,039
Other current assets	**105,231**	341,708
	12,112,481	2,329,145

6.3 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:
- requirements for appropriate segregation of duties, including independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- training and professional development

- ethical and business standards

6.4 Financial risk

The Company has exposure to the following risks from financial instruments:
Liquidity risks
Market risks

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Company finances its operations through cash generated by the business and short-term investments with a range of maturity dates. In this way, the Company ensures that it is not overly reliant on any particular liquidity sources.

Liquidity risk faced by the Company is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilized banking facilities and reserve borrowing capacity (where necessary).

Market risk

This is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or value of its holdings of financial instruments.

Foreign currency risk

The Company is exposed to transactional currency risk on sale and purchases that are denominated in a currency other than the functional currency. This exposure is managed through a domiciliary account maintained to effect transactions denominated in foreign currencies.

Price risk

The Company is exposed to variability in the prices of commodities used in running its operations especially those relating to food and beverages and housekeeping functions. Commodity price risk is managed within minimum and maximum guardrails principally through multi-year fixed price contract with suppliers. In addition, the Purchase Committee of the Board meets regularly to review the prices of items and probable suppliers before granting approval, thus ensuring that items to be purchased are sourced from reliable supplier's at the most competitive prices.

7. Fair value determination

Fair value is the amount at which an asset or liability is exchanged between knowledgeable willing parties in an arms length transaction.

The carrying values of the company's financial assets and liabilities are a reasonable approximation of fair values as at the applicable reporting periods.

Fair values of equity securities with active markets were derived with reference to their markets prices as at the reporting period.

7.1 Fair valuation methods and assumptions

Cash and cash equivalents, trade receivables, accounts payables are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains in a separate component of equity at the end of the reporting year.

Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: for equity securities not listed on an active market and for which observable market data exist that the company can use in order to estimate the fair value;

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

7.2 Management Report on Hotel's Internal Control System

In compliance with the SEC guideline for the implementation of Sections 60 – 63 of ISA 2007, we state below the report of management on the Hotel's internal control system:

The directors and management have put in place policies, procedures, and practices and such internal control mechanism to ensure safety of assets, accuracy of financial records and reports, achievement of corporate objectives and compliance with laws and regulations and to enhance the integrity of the financial reports.

Such procedures pertain to:

·The maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

·Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

·Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

The internal control over financial reporting for the period under review covers factors such as controls over initiating, recording, processing transactions and reconciling account balances, classes of transactions and disclosure and related assertions included in the financial statements; controls related to the initiation and processing of non-routine and non-systematic transactions; controls related to the selection and application of appropriate accounting policies; and controls related to the prevention, identification, and detection of fraud. An example of such controls which is unique to our hotel/industry is the mystery shopper concept that permits persons outside the system and unknown to staff to test a series of transactions periodically from initiation to conclusion and file a report thereon.

8. Property, plant and equipment

	Land	Building	Plant and machinery	Furniture, fittings and equipment	Motor vehicle	CAPITAL WORK IN PROGRESS	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At 1 January 2022	9,424,800	1,021,114	2,121,617	3,898,779	224,284	5,190,091	21,880,685
Additions during the year	-	38,663	397,990	169,381	5,700	216,695	828,429
Disposal		-	-		(3,650)		(3,650)
At 31 December 2022	9,424,800	1,059,778	2,519,607	4,068,160	226,334	5,406,786	22,705,464
Depreciation							
At 1 January 2022	-	391,703	1,976,748	3,526,164	222,049	93,344	6,210,009
Disposal			-		(3,650)		(3,650)
Charge for the Year	-	31,087	79,290	161,047	1,519		272,943
At 31 December 2022	-	422,790	2,056,038	3,687,211	219,918	93,344	6,479,302
Carrying amount:							
At 1 January 2022	**9,424,800**	**636,987**	**463,569**	**380,948**	**6,416**	**5,313,442**	**16,226,162**
At 1 January 2022	9,424,800	629,411	144,869	372,615	2,235	5,096,747	15,670,677

N:B In the course of the second half of the year of 2020, the Hotel land was revalued. The resultant gain on revaluation is carried as addition to land during the period.

Capital work in progress relates to the status of work on the Cabana Diplomatic Suites, a design of 17 units of Diplomatic Suites comprising 4 bays en-suite and the on-going renovation of the Hotel and the cost of the ongoing renovation.

Evidence of impairment loss on the capital work in progress was as a result discontinuation of work on the diplomatic suites for more than six years.

The directors are of the view that the carrying amount is not below the recoverable amount.

	2022	2021
	N'000	N'000
9. Intangible assets		
Computer software		
Cost		
At 1 January	**262,195**	262,195
Additions in the Period	**94,158**	865
At 31 December 2022	**356,353**	263,060
Amortisation		
At 1 January	**244,652**	175,309
At 1 January	**31,648**	72,362
Charge for the Period	**276,301**	247,671
At 31 December 2022	**80,052**	15,389
At January 2022	**17,542**	86,886

10.	**Inventories**		
	Food	**42,126**	45,735
	Bev	**13,160**	9,858
	Engineering Closing Inventory	**4,259**	-
	Linen & Uniform	**-**	-
		59,544	55,592
11.	**Trade receivables**		
	Trade receivables (Note 11.1)	**483,126**	575,856
	Impairment allowance (Note 11.2)	**(221,214)**	(93,465)
	Allowances for Expected Credit Losses	**19,462**	-
		281,374	482,391
	Other receivables Ikeja Hotels (Note 11.3)	**377,556**	506,647
		658,931	989,039

Other receivables are expected to be recoverable.

11.1 Analysis of trade receivables

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 11.4.

All trade and other receivables are due and payable 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.

As at 31 December 2022, the Company has trade receivables of N483,126,000 (2021: N575,856,000) which is net of an allowance for credit losses of N19,462,000 (2021: N99,465,000).

		2022	2021
		N'000	N'000
11.2	**Impairment allowance on trade receivables**		
	At 1 January	**-**	-
	Charged in the year	**-**	-
	Impaired	**-**	-
	At 31 December 2022	**-**	-
11.3	**Loan receivables**		
	At 1 January	**506,647**	575,856
	Additions/Adjustment in the year	**-**	-
	Payment Received	**(147,500)**	(93,465)
	Interest receivable	**18,409**	-
	At 31 December 2022	**377,556**	482,391
	Current portion	**-**	-
	Non-current portion	**377,556**	482,391

11.4 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 loan pays interest at 4% per annum. For the year ended 31 December 2020, the Company recognised a writeback for expected credit losses (ECL) of N1,772,000 relating to provision not required for related parties receivables (2019: provision for ECL of N1,633,000).

11.5	**Other current assets**		
	Insurance claim receivable	**-**	**-**
	Hotel Guest Receivables	**-**	**-**
	Credit card Receivables	**-**	**-**
	Non Credit Card Rec	**-**	**-**
	Prepayments (Note 14.1)	**-**	**-**
	Withholding tax receivable	**-**	**-**
	Other Receivables (Note 13.3)	**-**	**-**
	Impairment allowance	**-**	**-**
		-	-

		2022	2021
12	**Prepayments:**	**N'000**	N'000
	Prepaid Dues		-
	Prepaid Insurance		22,615
	Prepaid Contracts Expense	**1,786**	
	Staff advances		
	Withholding tax receivable		73,889

Prepaid Contracts		87,091
Prepaid Expenses Note 12.1		
Prepaid Other Note 12.2	**103,445**	102,521
	105,231	286,116

12.1 Other receivables

Prepaid Insurance	-	-
Prepaid Contracts Expense	-	-
Prepaid Expenses	-	-
Prepaid - Operating supplies	-	-
Supplies - Ppd	-	-
	-	-

	2022 N'000	2021 N'000
13. Cash and cash equivalents		
Cash in hand	**363**	80,213
Cash at bank	**11,347,956**	661,309
	11,348,319	741,521
Private Placement with Zenith Bank Plc	**-**	256,877
	11,348,319	998,399

Time deposits relates to tenured placement with Nigerian banks at varying interest rates.

14 Employee benefits

At 1 January	-	298,043
Current service cost	-	-
Past service cost	-	-
Interest cost	-	-
Net interest on net defined benefit liability/ Interest cost	-	-
Payments in the year	-	(297,809)
Actuarial (gain)/loss	-	-
	-	234

With effect from 31 December 2011, the Company capped the post employment benefits as follows:

- members with less than 15 years of service will only receive a maximum benefit of 300 weeks of their annual gross earnings on retirement or exit from the Scheme
- members who have more than 15 years of service will only receive a maximum benefit of 357 weeks of their annual gross earnings on retirement or exit from the Scheme

Sensitivity analysis

The value of the results above are based on a number of assumptions. The value of the liability could be turn out to be overstated or understated, depending on the extent to which actual experience experience differs from the assumptions adopted.

- the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate, and

Discount rate

	Main result N'000	+1% N'000	-1% N'000
Defined benefit obligation	-	-	-
Change		0.00%	0.00%

- the salary increase assumption on the defined benefit obligation by adjusting the salary increase rate by 1%

Salary increase rate	Main result N'000	+1% N'000	-1% N'000
Defined benefit obligation	-	-	-
Change		0.00%	0.00%

- the mortality assumption on the defined benefit obligation by increasing and decreasing the pre retirement age rating by 1 year

Mortality improvement	**Main result N'000**	**+1% N'000**	**-1% N'000**
Defined benefit obligation	-	-	-
Change		0.00%	0.00%

The actuary valuation of post employment benefits was carried out by Alexander Forbes Consulting Actuaries Nigeria Limited.

15	**Trade & Other Payables**	**2022 N'000**	2021 N'000
	Financial instruments		
	Accounts payables	**491,773**	225,474
	Unclaimed Dividend balances (Note 15.1)	**48,123**	89,268
	SAH/CHP Other payables (Notes 15.2)	**(33,462)**	461,397
	Accrued expenses (Note 15.3)	**263,893**	285,074
	Other payables (Note 15.4)	**1,335,665**	589,502
	Non financial instruments - Commissions payable	**-**	-
	VAT payable	**238,810**	348,822
		2,344,801	1,999,537

The fair value of accounts payable and accruals approximate their carrying value.

15.1	**Dividend payable**		
	At 1 January	**89,268**	89,268
	Declared during the year	**-**	**-**
	Payment during the year	**(48,123)**	**-**
	Transferred to Unclaimed dividend Account	**(41,145)**	**-**
	At 31 December	**(0)**	89,268

15.2	**Unclaimed Dividend Balances**		
	At 1 January	**-**	-
	Transfer from dividend payable	**48,123**	
	Payment during the year	**-**	
		48,123	-

15.3	**Accrued Expenses**		
	Bonus Accrual Annual 1	**-**	12,381
	Bonus Accrual Non-Annual		-
	Vacation Accrual		10,706
	Pension Liability - Natl	**352**	591
	Accrued Mktg and Advertising		-
	International Payroll Taxes		3,820
	Property Insurance Accrual		276
	General Accruals	**104,968**	151,589
	AP Period Accrual	**12,136**	17,971
	Property PSF Accrued Exp		3,992
	Property SMF Accrued Exp		4,851
	Accrued Mgmt Fee Expense		19,812
	Guest Refunds	**134,278**	9,779
	Audit fee	**5,000**	5,000
	Legal Expenses	**-**	900
	Directors Fees and expenses	**-**	32,887
	Subscription for NSE, CSCS FRC & Others	**-**	2,458
	Secretarial Services (CoySec & Registrars)	**-**	6,809
	Retention	**-**	1,250
	Accrued Expenses CHP	**7,159**	
		263,893	285,074

15.4 Other Payable Liabilities:

Social Security Tax Liability	**388**	6,497
W-H Union Dues-Hotels	**54,355**	1,271
Misc W-H Union Dues		2,201
Occupancy Tax Payable	**42,069**	104,825
Income Tax Payable	**31,353**	-
Gratuity Payable	**5,378**	100
Banquet Incentive Payable	**50,067**	30,243
Guest Refunds	**104,825**	150,883
Charity Collection	**311**	4,561
Other Current Liabilities	**5,666**	18,276
Advance Deposits	**66,564**	9,027
Manager Unit Cash	-	-
Security Deposits Liab	**20,137**	19,137
Ownco - Loan Payable	**654,552**	
22 Hospitality Loan Repayment	**300,000**	
Directors dues		190,993
Gratuity Payable - CHP staff		46,375
Coy Sec,FRC,NSC,CSCS, Regirars & Ace Solitors		5,111
	1,335,665	589,502

16. Current taxation payable

At 1 January	**595,524**	226,946
Payment during the period	**(95,156)**	5,993
Withholding Tax Credit Notes Utilised in the Year	**(116,949)**	(5,993)
Charge for the Period (Note 18.1)	**-**	(524,806)
At 31 December 2022	**383,419**	(297,861)

16.1 Current tax expense

Under-provision in prior year

Income tax b/f	**-**	-
Education tax	**-**	-
Profit & Loss Account	**-**	-
Current tax	**-**	-
Deferred taxation	**-**	-
Income statement	**-**	-

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

The charge for education tax is based on the provisions of the Education Tax Act, CAP E4, LFN 2004.

17 Deferred taxation

At 1 January	**978,539**	978,539
Charge for the Period (Note 18.1)	**-**	-
At 31 December	**978,539**	978,539

17.1 Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	**2022**	2021	**2022**	2021
	N’000	**N’000**	**N’000**	**N’000**	**N’000**	**N’000**
Property, plant and equipment						
Provisions						

Exchange loss/gain						
Tax liability carried forwards	-	-	-	-	-	-
Tax liability brought forwards	-	-	-	-	-	-
Deferred tax liability/(asset)	-	-	-	-	-	-

The Company has adopted the International Accounting Standard 12 - Income taxes, deferred taxation, which is computed using the liability method.

17.2 Reconciliation of effective tax rate

The tax expense for the first quarter is reconciled to the profit for the year as follows:

Profit before tax	-	-
	-	
Tax @ 30%	-	-
Add deductible items	-	-
Capital allowance	-	-
Under-provision in prior year		-
Education tax	-	-
Deferred tax effect	-	-
Tax expense for the year	-	-
Profit after tax	-	-

17.3 The tax rate is reconciled to the effective tax rate as follows:

	2022 N'000	2021 N'000
Tax rate	-	-
Deductible items	-	-
Balancing charge	-	-
Capital allowance	-	-
Education tax	-	-
Deferred tax effect	-	-
	-	-
Total effective tax rate	-	-

18 Share capital

	2022 N'000	2021 N'000
18.1 Issued Share capital		
At January 1, 2022	774,390	774,390
15 August 2022 - Share allotted	805,998	-
	1,580,388	774,390

18.2 Share Premium (Capital Reserve)		
Share sale proceed	11,283,969	-
Issued share capital capital component of proceed of sale	-	-
Share issue expenses (Note 23)	-	-
	11,283,969	-
18.3 Revaluation Surplus		
Revaluation Surplus arising from the valuation of the land on which Hotel is built	8,161,567	

In the course of the second half of the year of 2020, the Hotel land was revalued. The resultant gain on revaluation is carried as addition to land during the period.

19 Retained earnings

At 1 January	5,327,175	5,647,636
Dividend declared during the year	-	-
Transferred from profit or loss account (see Note 19.1)	(403,863)	(320,461)
At 31 December	4,923,312	5,327,175

20 Other income

Unrealised Gain on currency translation	16,321	66,400
Income from investment of unclaimed dividend	-	8,624
Scrap sales	9,745	6,410

	Sundry receipts	**25,696**	-
		51,763	81,435
21	**Finance income**		
	Interest on loan	-	20,531

Interest on loan relates to income earned on loan to Ikeja Hotel Plc.

22	**Administration and general expenses**		
	AGM Expenses	-	1,096
	Audit Fee	**(6,305)**	5,000
	Audit Expenses	**6,305**	6,538
	Bank chargess	-	195
	Communication Cost	-	949
	Depreciation & Amortisation	-	347,706
	Directors' Expenses	-	32,637
	Directors' Fees	-	1,670
	Pension Cost	-	1,314
	Insurance	-	13,224
	Office Expenses/Accomodation	-	
	Professional Expenses	-	1,800
	Legal Expenses	-	
	Employee costs	-	19,688
	Medical/Staff Welfare Expenses	-	8,146
	Motor Vehicle Running	-	
	Printing & Stationery	-	
	ICT - Repairs & Mtce	-	
	Training Expenses	-	
	Subscription for NSE, CSCS & FRC	-	12,157
	Transport & Travels	-	1,301
	NSITF - Employer Cost		
	Meetings & Secretarial Expenses	-	62,802
	Bad Debt	-	
		-	516,223
23	**Share Issue Expenses**		
	CAC - Increase in CHP Shares From 1.6 Billion to 3.16Billion Share of 5 Kobo Each	**11,711**	-
	FIRS - Stamp Duty for the Increase in CHP Shares From 1.6 Billion to 3.16Billion Share of 5	**5,853**	-
	Solicitor to the Transaction	**500**	-
	COY SEC - Transportation and In-Lieu of Accommodation Expenses	**435**	-
	CPC - Payment in respect of Merger Notification Fees	**40,344**	-
	SEC - Payment in respect of Equity Registration Fees	**18,026**	-
	Nigerian Exchange Limited Listing fees	**27,583**	-
	Central Securities Clearing Plc fees	**910**	-
	FIRS - stamp duty onFinancial advisory expenses	**1,129**	-
	Investment/share purchase expenses - fees for listing of private placement of ordinary shar	**294,760**	-
		401,251	-

24 Transactions with key management personnel

		2022	2021
24.1	**Directors emoluments**		
	Each director is entiled to the following:	**N'000**	N'000
	Fees		
	- Chairman	135	135
	- Directors	800	800
	Allowances		
	- Chairman	**1,300**	1,300
	- Directors	**8,000**	8,000

24.2 Personnel compensation

The Company had 252 employees in 2022 (2021 : 284).

Personnel compensation

Personnel compensation comprised:		
Short-term employee benefits	668,000	903,126
Contribution to compulsory pension fund scheme	51,681	-
Long service award	139,091	30,876
Defined benefit gratuity scheme	112,384	-
	251,475	**934,002**

24.3 The number of employees whose emolument fell within the following ranges:

		Number	Number
0	N200,000	**216**	106
N200,001	N400,000	**29**	14
N400,001	N600,000	**6**	20
N600,001	N800,000	**1**	24
N800,001	N1,000,000	**-**	121
N1,000,001	above	**-**	-
		252	285

25 Dividend per share

Dividend per share has been computed for each year on the dividend attributable to ordinary shareholders of the issued and paid up 50 kobo ordinary shares during the year.

Dividend		
Number of shares	**3,160,776**	1,548,780
Dividend per share (DPS) (Kobo)	**-**	-

26 Related party transactions

During the year, the Company had significant business dealings with related parties. The transaction value and balances of these business dealings are:

	supplied (to)/by the Company		the Company	
	2022	2021	**2022**	2021
	N'000	N'000	**N'000**	N'000
26.1 Ikeja Hotel Plc				
Capital Hotels Plc is/was a member of the Ikeja Hotel Group.				
Transactions in the year relate to:				
- interest receivable on loan		-		
- additional amount advanced		-		-
26.2 Minet Nigeria Limited				-
A director in the Company is/was also a director in Capital				
The Company provides insurance brokerage services to				
Capital Hotels Plc				
26.3 22 Hospitality				
In the course of the year, the Hotel procured 2 numbers				
of 1440kw/1800kva Contaninerised Diesel Generating set				
comprising of: Cummins Model KTA50-G22, which was				
financed by 22 Hospitality				
26.4 G. M. Ibru & Co				-
A partner in the Firm is/was also a director of Capital Hotels Plc.				
The Firm provides legal services to Capital Hotels Plc.		-		-

27 Financial commitments

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

28 Operating service agreement

Capital Hotels Plc (the Owner) entered into an agreement with Starwood Eame License and Services Company, BVBA (the Operator) to pay the following during each fiscal year of the operating term (and proportionately for a fraction of a fiscal year):

28.1 Base Fee

The amount equal to two and half percent (2.5)% of gross operating revenues for each month of the operating term (the 'maximum base fee') less the license fee paid under the License Agreement. The base fee and the License fee in any operating year in the aggregate shall not be greater than the maximum base fee in such operating year and less than US $250,000.00 in such operating year.

28.2 Incentive Fee

The amount equal to two and half percent (2.5%) of adjusted gross operating profit (AGOP) for each operating year during the operating term.

29 Contingent liabilities

The Company is subject to various claims and other liabilities arising in the normal course of business. The contingent liabilities in respect of pending litigation and other liabilities amounted to N250m as at 31 December 2022 (2020: Nil).

In the opinion of the Directors, based on legal advice, no material loss is expected to arise from these claims. Therefore, no provision has been made in the financial statements.

30 Events after the reporting date

There are no significant post reporting date events which could have had a material effect on the state of affairs of the Company as at balance sheet date that have not been adequately provided for or disclosed in the financial statements.

31 Prior period corresponding balances

Certain prior period balances have been reclassified to ensure proper disclosure and uniformity with current year's presentation. These reclassification have no net impact on these financial statements.

32 Securities Trading Policy

The Company has a security trading policy that provides information about insider trading provisions as contained in its Handbook.
The objective of the policy is to ensure that Officials, including Directors, Principal Officers, Employees, persons discharging managerial responsibility, External Advisers of the Company and persons closely connected to them, must refrain from dealing in the Company's securities, as soon as they become aware of, or are privy to, any negotiations or agreements related to intended acquisitions or disposals, which are notifiable transactions or connected transactions under the Listing Rules of the Exchange or any insider information until such a time that the information has been made public.

CAPITAL HOTELS PLC
FORECAST STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR QUARTER 1 (1 JANUARY - 31 MARCH) 2023

N'000

CAPITAL HOTELS PLC
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER, 2022

Turnover	1,170,011
Cost of Sales	(562,940)
Gross Profit	607,071
Other Income	40,000
Admin Expenses	(172,400)
Operating (Loss)/Profit	474,671
Finance Income	15,000
(Loss)/Profit Before Tax	489,671
Adjustment for Exceptional Items	(15,000)
Profit Befor Tax and after Exceptional Items	474,671
Forecast Taxation	(120,130)
(Loss)/Profit After Taxation	354,541
CASH FLOW INFORMATION:	
Cash Flows from Operating Activities	695,415
Operating Cash Flow before Working capital charges	(110,254)
Net Cash Generated fron Operating Activities	585,161
Cash Flow from Investing Activities	(1,002,545)
Cash Flow from Financing Activities	-
Net Increase/decrease in Cash and Cash Equivalent	(417,384)
Cash/Bank Balance at the beginning of the period	11,348,319
Cash/Bank Balance at the end of the period	10,930,935

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CAPITAL HOTELS PLC
NOTE TO THE FORECAST STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR QUARTER 1 (1 JANUARY - 31 MARCH) 2023

	N'000
Turnover	
Room	637,413
F & B	499,886
Others	32,712
	1,170,011
COST OF SALES	
Room	152,979
F & B	169,961
Others	240,000
Management Fees	
	562,940
OTHER INCOME	
Under Other Statement of Comprehensive Income	40,000
ADMIN EXPENSES	
Insurance	7,400
Depreciation	75,000
Sundry Expenses	90,000
	172,400

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Company Name:	**Capital Hotels Plc**
Board Listed	**Main Board**
Period End:	**31-Dec**

CAPITAL HOTELS PLC
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER, 2022

Reporting Period:	**Twelve Months Ended 31 December 2022**	
Share Price at the end of reporting year	**N2022 N2.55**	2021 (N2.42)

Shareholding Structure/Free Float Status

	31-December-2022			31-December-2021	
Description	**Unit**			Unit	
Issued Share Capital	**3,160,775,510**	**100%**		1,548,780,000	100%
Substantial Shareholdings (6% and above)					
22 HOSPITALITY LIMITED	2,090,199,140	66.13		**-**	**0.00**
HANS-GREMLIN NIGERIA LIMITED	333,236,463	10.54		789,877,800	51.00
CONTINENTAL ENERGY RESOURCES LTD	228,564,655	7.23		228,564,655	14.76
OMA INVESTMENT LTD	228,648,915	7.23		228,648,915	14.76
Total Substantial Shareholdings	2,880,649,173	91.13		1,247,091,370	80.52
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests					
Alh. Abatcha Bulama	-	-		-	-
Pascal Demarchi	-	-		-	-
Robert Itawa	-	-		-	-
Total Directors' Shareholdings	-	-		-	-
Other Influential Shareholdings:					
ABUJA INVESTMENT COMPANY LIMITED	100,775,620	3.19		100,775,620	6.51
Free Float in Units and Percentage	179,350,717	5.680		200,913,010	12.970
Free Float in Value	663,597,653	100.00		530,410,346	100.00

Declaration:

(A) Capital Hotels Plc with a free float percentage of 5.68% as at 31 December 2022, is tending towards compliance with the Exchange's free float requirements for companies listed on the Main Board.

(B) Capital Hotels Plc with a free float Value of N179,350,717 as at 31 December 2021, was tending toward compliance with the Exchange's free float requirements for companies listed on the Main Board.