



**TRANSNATIONAL CORPORATION PLC
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

**TRANSNATIONAL CORPORATION PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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TRANSNATIONAL CORPORATION PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CORPORATE INFORMATION

Country of incorporation and domicile	Nigeria
Directors:	<p>Mr. Tony O. Elumelu, CFR Chairman</p> <p>Mrs. Foluke Abdulrazaq Vice Chairman / Independent Non-Executive Director</p> <p>Mrs. Owen Omogiafo President</p> <p>Mr. Emmanuel N. Nnorom Non-Executive Director</p> <p>Mr. Victor Famuyibo Independent Non-Executive Director</p> <p>Dr. Stanley Lawson Non-Executive Director</p> <p>Mr. Oliver Andrew Independent Non-Executive Director</p> <p>Mallam Ahmadu Sambo Independent Non-Executive Director</p> <p>Mrs. Toyin Sanni Non-Executive Director</p>
Ag. Group Company Secretary:	Mrs. Funmi Olofintuyi
Registered office:	<p>38 Glover Road</p> <p>Ikoyi</p> <p>Lagos, Nigeria.</p>
Registration number:	RC 611238
Registrars:	<p>Africa Prudential Plc</p> <p>220B Ikorodu Road</p> <p>Palmgrove, Lagos.</p>
Principal bankers:	<p>United Bank for Africa Plc</p> <p>First Bank of Nigeria Limited</p>
Auditors:	<p>Deloitte & Touche</p> <p>Chartered Accountants</p> <p>Civic Towers, Plot GA 1 Ozumba Mbadiwe Avenue</p> <p>Victoria Island, Lagos</p> <p>Nigeria.</p>
Investors Relations Manager:	<p>Mr. Joseph Adegunwa</p> <p>joseph.adegunwa@transcorgroup.com</p>
Investors Relations Portal:	https://transcorgroup.com/investor-relations/

**TRANSNATIONAL CORPORATION PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS' REPORT

The Directors have the pleasure of submitting their report on the consolidated and separate financial statements of Transnational Corporation Plc ("the Company" and the Group) for the year ended 31 December 2022.

1. PRINCIPAL ACTIVITIES

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

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

Full details of the financial position, results of operations and cash flows of the Group and Company are set out on pages 17 to 22 of these consolidated and separate financial statements. The summarised results are presented below.

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Revenue	134,721,185	111,219,336	10,318,046	5,127,383
Gross profit	66,420,796	54,779,395	10,318,046	5,127,383
Profit before tax	30,276,333	27,998,554	8,439,745	4,022,153
Tax	(13,436,609)	(4,167,102)	(1,223,768)	(587,789)
Profit after tax	16,839,724	23,831,452	7,215,977	3,434,364

3. DIRECTORATE

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

Directors

Mr. Tony O. Elumelu, CFR
Mrs. Foluke Abdulrazaq

Mrs. Owen Omogiafo
Mr. Emmanuel N. Nhorom
Mr. Victor Famuyibo
Dr. Stanley Lawson
Mr. Oliver Andrew
Mallam Ahmadu Sambo
Mrs. Toyin Sanni

Designation

Chairman
Vice Chairman / Independent Non-Executive Director
President
Non-Executive Director
Independent Non-Executive Director
Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Non-Executive Director

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DIRECTORS' REPORT - Contd'

4. DIRECTORS INTERESTS IN SHARES

The interests of each Director in the issued share capital of the Company as recorded in the register of Directors' shareholding as at 31 December 2022 were as follows:

Directors	Designation	2022 Direct	2021 Direct	2022 Indirect	2021 Indirect
Mr. Tony O. Elumelu, CFR*	Chairman	273,104,041	273,104,041	293,983,193	293,983,193
				273,545,722	273,545,722
Mrs. Foluke Abdulrazaq	Vice Chairman / Independent Non- Executive Director	-	-	-	-
Mrs. Owen Omogiafo	President	12,634,188	12,634,188	-	-
Mr. Emmanuel N. Nnorom**	Non-Executive Director	-	-	11,653,487	11,653,487
Mr. Victor Famuyibo	Independent Non- Executive Director	300,000	-	-	-
Dr. Stanley Lawson	Non-Executive Director	122,790,102	122,790,102	-	-
Mr. Oliver Andrew	Independent Non- Executive Director	-	-	-	-
Mallam Ahmadu Sambo	Independent Non- Executive Director	-	-	-	-
Mrs. Toyin Sanni	Non-Executive Director	31,506	31,506	-	-

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

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

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

5. DIRECTORS' INTERESTS IN CONTRACTS

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

6. ALTERNATE DIRECTORSHIP

There was no alternate directorship during the year under review.

7. DIVIDENDS

The Board of Directors have approved the payment of N2,032,399,514.65 (2021:N812,959,805.86), being 5 kobo per share on the outstanding ordinary shares of 40,647,990,293 shares of 50 kobo each for the year ended 31 December 2022. This is subject to shareholders declaration of same as dividend for the year at the next Annual General Meeting (AGM). Withholding tax at the applicable rate will be deducted at the time of payment.

8. SHARE CAPITAL

As at 31 December 2022, only UBA Nominees Limited-Trading, held 5% or more of the issued and fully paid shares of 50 kobo of the Company.

	2022 N'000	2021 N'000	2022 Percentage of shares	2021
UBA Nominees Limited - Trading	3,760,000	3,762,647	9.25%	9.26%

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DIRECTORS' REPORT - Contd'

There has been no change in the issued share capital during the year under review. The analysis of shareholders as at 31 December 2022 is shown below:

Range	No. of Holders	Percentage %	Holdings (number)	Percentage %
1-1000	5,908	2.11	2,344,729	0.01
1001- 5,000	177,030	63.25	333,055,295	0.82
5,001 - 10,000	32,119	11.47	200,915,105	0.49
10,001 - 50,000	47,207	16.87	855,676,609	2.11
50,001 - 100,000	6,645	2.37	429,928,698	1.06
100,001 - 500,000	8,140	2.91	1,621,100,901	3.99
500,001 - 1,000,000	1,160	0.41	797,768,228	1.96
1,000,001 - 999,999,999,999	1,696	0.61	36,407,200,728	89.56
Total	279,905	100	40,647,990,293	100.00

Shareholder Structure as at 31 December 2022

Holder type	Holder count	Holdings (number)	Percentage %
Individual	275,934	17,002,378,230	41.83
Government	17	1,876,038	0.00
Corporate	2,748	22,184,797,657	54.58
Foreign	114	1,272,190,020	3.13
Pension	12	37,956,091	0.09
Joint	1,079	148,790,457	0.37
Institution	1	1,800	0.00
Total	279,905	40,647,990,293	100

9. SHARE CAPITAL HISTORY

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

Year	Authorised (N) Increase (N)	Cumulative (N)	Issued & Fully Paid-up Increase (N)	Cumulative (N)	Consideration
2004	100,000,000	100,000,000	25,000,000	25,000,000	Cash
2006	100,000,000	200,000,000	25,000,000	50,000,000	Stock Split
2006	35,800,000,000	36,000,000,000	18,503,905,526	18,553,905,526	Cash
2007	-	36,000,000,000	7,260,092,757	25,813,998,283	Cash
2013	9,000,000,000	45,000,000,000	12,906,998,142	38,720,996,425	Right issue
2016	-	45,000,000,000	1,926,993,868	40,647,990,293	Bonus issue
2022	(4,352,009,707)	40,647,990,293	-	40,647,990,293	Share cancellation

10. PROPERTY PLANT & EQUIPMENT

Information relating to movement in property, plant & equipment is shown in Note 20 to the consolidated and Separate financial statements. In the opinion of the Directors, the market values of the Group and Company's properties are not less than the value shown in these financial statements.

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DIRECTORS' REPORT - Contd'

11. EMPLOYMENT AND EMPLOYEES

Equality of opportunity, diversity and inclusion are a part of Transnational Corporation Plc's identity.

a) Employment of Physically Challenged Persons

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

b) Health, Safety and Environment

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

c) Employees Development, Training and Engagement

The Group places a high premium on the development of its manpower and consults with employees on matters affecting their wellbeing. In the year 2022, formal classroom, onsite and offsite trainings, as well as online training courses were deployed in training and re-training all staff at various levels. The Group's skill base has been extended by a range of training provided to the employees, whose opportunity for career development within the Group has been enhanced.

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

12. DONATIONS

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

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

	2022	2021
	N'000	N'000
Daughters of Charity food supply	4,077,203	3,482,439
Sewing Machine & accessories for Ace charity	1,033,620	-
Donation of Items for Aged (CSR Initiative)	108,576	303,900
	5,219,399	3,786,339

13. SECURITIES TRADING POLICY

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

14. COMPLAINT MANAGEMENT PROCEDURE

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

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15. RISK MANAGEMENT POLICY AND PRACTICES

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

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

16. FINES AND PENALTIES

During the year, Transcorp Hotels Plc paid a penalty fee for the change of use of right issue proceeds. The total amount was N2,750,000.

17. THE NATURE OF ANY RELATED PARTY RELATIONSHIP AND TRANSACTION

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

Amount due to related parties	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Transcorp Power Limited	-	-	7,714,200	8,264,883
Heirs Oil and Gas and related companies	2,303,998	1,751,336	-	-
	2,303,998	1,751,336	7,714,200	8,264,883
Amount due from related parties				
Transcorp Power Limited	-	-	2,610,742	1,863,537
Teragro Commodities Limited	-	-	-	1,751,457
Transcorp OPL 281 Limited	-	-	10,976,222	9,673,657
Transcorp Hotels Plc	-	-	4,686,061	5,058,564
Transcorp Hotels Calabar Limited	-	-	44,999	35,373
TransAfam Power Ltd	-	-	18,385,000	18,385,000
Transcorp Energy Limited	-	-	193,487	193,487
	-	-	36,896,511	36,961,075

Terms and conditions of transactions with related parties

All transactions are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs regularly. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Company recognised N1.1bn (2021:N2.8bn) as provision for expected credit losses relating to amounts owed by related parties.

Group

During the year, Heirs Oil and Gas (HHOG) supplied gas to Afam Power Plc amounting to N1.08 billion (2021: N826 million), this is part of the Gas cost in the Cost of sales for the year. Other services rendered by HHOG related companies to Transnational Group amounting to N2.2 billion (2021: N2.8 billion) during the year; these are included in administrative expenses.

Related party borrowings

Included in the amount due from Transcorp OPL 281 Limited is N7.4b loan at 13%. The loan with TransAfam Power Limited is N250m loan at 13%.

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

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18. OTHER TERMS

The Company entered into a Technical and Management Services Agreement with Transcorp Hotels Plc, Transcorp Power Limited, and TransAfam Power Limited. As stipulated in the signed agreements, the Company earns management fee of higher of N350 million or 5% of profit before tax of these companies.

19. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report which have not been adequately provided for and which could have a material effect on the financial position of the Company as at 31 December 2022.

20. TERMS OF APPOINTMENT OF AUDITORS

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

Signed on behalf of the Board of Directors By:



Funmilayo Olofintuyi
FRC/2022/PRO/NBA/002/316763
Ag. Group Company Secretary
24 February 2023.

**TRANSNATIONAL CORPORATION PLC
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Transnational Corporation Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

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

- a) properly selecting and applying accounting policies
- b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- c) providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern

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



Owen Omogiafo

President

FRC/2019/IODN/00000019827



Mr. Tony O. Elumelu, CFR

Chairman, Board of Directors

FRC/2013/CIBN/00000002590

TRANSNATIONAL CORPORATION PLC
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Certification of Financial Statements

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

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group as of and for, the periods covered by the audited financial statements;

We state that Management and Directors:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company [and its subsidiaries] is made known to the officer by other officers of the group , particularly during the period in which the audited financial statement report is being prepared,
- (ii) has evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certifies that the Group's internal controls are effective as of that date;

We have disclosed:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group ability to record, process, summarise and report financial data, and has identified for the Group's auditors any material weaknesses in internal controls, and
- (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Group's internal control; and
- (iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group for the year ended 31 December 2022 were approved by the Directors on February 24, 2023.



Owen Omogiafo
President
FRC/2019/IODN/00000019827



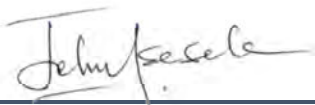
Mr Joseph Adegunwa
Group Chief Finance Officer
FRC/2019/ICAN/00000019103

REPORT OF THE STATUTORY AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2022

To the members of Transnational Corporation Plc

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

- (a) The accounting and reporting policies of the Company for the year ended 31 December 2022 are consistent with legal requirements and ethical practices;
- (b) The internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems;
- (c) The scope and planning of the statutory independent audit for the year ended 31 December 2022 are satisfactory; and
- (d) We have considered the independent auditors' post-audit report and Management responses thereon and are satisfied with the responses to our questions as well as the state of affairs at Transnational Corporation Plc



John Isesele
FRC No. FRC/2014/ICAN/00000008988

Dated this 24th day of February 2023

Members of the Statutory Audit Committee

- | | | | |
|----|-----------------------|---|----------|
| 1. | Mr. John Isesele | - | Chairman |
| 2. | Mr. Matthew Esonanjor | - | Member |
| 3. | Ms. Judith Rapu | - | Member |
| 4. | Dr. Stanley Lawson | - | Member |
| 5. | Mr. Victor Famuyibo | - | Member |

Independent Auditor's Report

To the Shareholders of Transnational Corporation Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Transnational Corporation Plc** and its subsidiaries (the Group and Company) set out on pages 17 to 103, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **Transnational Corporation Plc** as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA) 2020 and Financial Reporting Council Act, 2011.

Basis for Opinion

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

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

Key Audit Matter

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



Key Audit Matter	How the matter was addressed in the audit
<p>Assessment of goodwill impairment</p> <p>The Group has a material balance of N30.934 billion as goodwill, which principally relate to the acquisition of Transcorp Power Limited (TPL) and Transcorp Hotel Plc (THP). The asset is not amortised but tested for impairment annually.</p> <p>Goodwill is calculated as the difference between the purchase consideration and the share of net assets acquired; it is allocated to the Cash Generating Units (CGUs) THP and TPL.</p> <p>In line with the provision of IAS 36 – impairment of assets, goodwill should be tested for impairment annually. The Group tested goodwill for impairment and no impairment charge has been recorded against these balances in the current year.</p> <p>The recoverable amount of THP has been determined using the Fair Value Less Costs to Dispose approach. To establish the fair value, the Company engaged an external valuer who determined the fair value of the property, plant and equipment, based on several valuation assumptions and deemed the fair value of the other assets to be same as their current carrying amount</p> <p>The recoverable amount of TPL has been determined using the Value-In-Use approach. In determining the value in use, the Group has estimated future cash flows, associated discount rates and growth rates based on their view of future business process.</p> <p>The current economic climate increases the complexity of forecasting. Scrutiny is placed on forecast assumptions and discount rates, with a greater focus on more recent trends and less reliance on historical trends.</p> <p>The annual impairment test is significant to the audit because the balance involved is significant to the Group and the testing process is complex and requires significant judgment made by the Directors concerning the estimated value.</p> <p>Accordingly, the impairment test of goodwill is considered a key audit matter due to the impact of the above assumptions.</p> <p>The disclosure of goodwill is set out in Note 23 of the consolidated and separate financial statements.</p>	<p>To determine the appropriateness of the management assumptions and conclusions on the impairment assessment of the goodwill balance, in line with the provisions of IAS 36, we performed the following procedures:</p> <ul style="list-style-type: none"> • We considered the determination of Transcorp Hotels Plc and Transcorp Power Limited as identifiable cash-generating units • Evaluated the appropriateness of the approaches - fair value and value in use method - used by management in determining the recoverable amount of the cash generating unit. • Evaluated the reasonableness of the methods and assumptions the management expert used to estimate the fair value of the Assets of Transcorp Hotels Plc and Transcorp Power Limited. • Independently engaged a valuation expert who carried out a review on the valuation of the property, plant and equipment (PPE) of Transcorp Hotels Plc to challenge management assumptions and methodologies used in determining the recoverable amount for the impairment testing. • Agreed the balances for other operating assets and liabilities used in the fair value assessment to the audited financial statements of Transcorp Hotels Plc. • Reviewed management assumptions used to determine the estimated cost to dispose in respect of Transcorp Hotels Plc. • Compared the cash flows forecast to approved budgets and other relevant market and economic information as well as testing the underlying calculations used to estimate the value-in-use of Transcorp Power Limited. • Involved internal valuation specialists to assist in evaluating management's key assumptions used in the estimation of Transcorp Power Limited's recoverable amount. • Ensured appropriate disclosures in the financial statements. <p>Based on the procedures performed, we believe the goodwill impairment assessment by the Group is reasonable and the balance is not impaired.</p>

Other Information

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

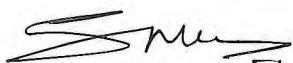
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken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

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

Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Stella Mba, FCA - FRC/2013/ICAN/00000001348

For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

28 March 2023



TRANSNATIONAL CORPORATION PLC
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2022.

	Note(s)	Group		Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Revenue	9	134,721,185	111,219,336	10,318,046	5,127,383
Cost of sales	10	(68,300,389)	(56,439,941)	-	-
Gross profit		66,420,796	54,779,395	10,318,046	5,127,383
Other gains or losses	11	3,699,629	2,644,042	4,381,906	4,006,028
Impairment (loss)/gain on financial assets	16	(672,977)	(182,795)	(5,160)	-
Administrative expenses	15	(22,747,395)	(18,704,961)	(2,498,979)	(1,692,620)
Operating profit		46,700,053	38,535,681	12,195,813	7,440,791
Finance income	12	117,330	283,926	968,491	1,081,922
Finance cost	13	(16,541,050)	(15,327,322)	(4,724,559)	(4,500,560)
Bargain purchase on consolidation of Afam	33.2	-	4,506,269	-	-
Profit before tax		30,276,333	27,998,554	8,439,745	4,022,153
Income tax	17	(13,436,609)	(4,167,102)	(1,223,768)	(587,789)
Profit for the year		16,839,724	23,831,452	7,215,977	3,434,364
Other comprehensive (loss)/income:					
Items that will not be reclassified to profit or loss					
Loss on valuation of investments in equity instruments	25	(215,656)	(287,642)	(215,656)	(287,642)
Other comprehensive (loss)/income for the year		(215,656)	(287,642)	(215,656)	(287,642)
Total comprehensive income for the year		16,624,068	23,543,810	7,000,321	3,146,722
Profit attributable to:					
Owners of the parent		7,787,836	13,964,329	7,215,977	3,434,364
Non-controlling interest	41	9,051,888	9,867,123	-	-
		16,839,724	23,831,452	7,215,977	3,434,364
Total comprehensive income attributable to:					
Owners of the parent		7,572,180	13,676,687	7,000,321	3,146,722
Non-controlling interest	41	9,051,888	9,867,123	-	-
		16,624,068	23,543,810	7,000,321	3,146,722
Earnings per share					
Per share information					
Basic earnings per share	19	19	34	18	8
Diluted earnings per share	19	19	34	18	8

The accounting policies on pages 23 to 53 and the notes on pages 54 to 104 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION PLC
Consolidated and Separate Statements of Financial Position
For the Year Ended 31 December 2022.

		Group		Company	
	Note(s)	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Assets					
Non-Current Assets					
Property, plant and equipment	20	288,442,355	277,816,617	69,457	51,151
Right-of-use assets	21	231,765	288,524	231,765	288,524
Investment properties	22	3,740,000	2,194,000	3,740,000	2,194,000
Goodwill	23	30,934,143	30,934,143	-	-
Other intangible assets	24	10,384,186	10,265,715	5,075,818	5,075,818
Investments in subsidiaries	6	-	-	44,669,388	42,395,763
Investment in financial asset	25	5,278,575	5,411,024	3,672,305	3,887,961
Other Investments	40	1,800,450	-	400,100	-
Prepayments and other assets	30	21,572	38,403	21,572	38,403
Deferred tax asset	18	-	792,202	-	-
		340,833,046	327,740,628	57,880,405	53,931,620
Current Assets					
Inventories	28	5,419,123	4,463,680	-	-
Trade and other receivables	29	82,641,126	67,981,453	37,230,650	35,246,098
Prepayments and other assets	30	4,431,381	1,582,608	26,366	33,921
Cash and bank balances	31	9,378,246	14,231,648	740,907	493,255
		101,869,876	88,259,389	37,997,923	35,773,274
Total Assets		442,702,922	416,000,017	95,878,328	89,704,894
Equity and Liabilities					
Equity					
Share capital	32	20,323,996	20,323,996	20,323,996	20,323,996
Share premium	32.2	6,249,871	6,249,871	6,249,871	6,249,871
Other reserves		26,236,330	26,451,986	1,590,413	1,806,069
Retained earnings		54,577,014	47,602,138	19,727,493	13,324,478
Equity attributable to holders of parent		107,387,211	100,627,991	47,891,773	41,704,414
Non-controlling interest	41	47,386,526	45,664,290	-	-
Total Equity		154,773,737	146,292,281	47,891,773	41,704,414
Liabilities					
Non-Current Liabilities					
Borrowings	26	58,039,133	50,698,711	11,958,773	13,659,279
Deposit for shares	38	12,935,000	12,935,000	-	-
Defined Benefit Liability	39	161,705	-	-	-
Contract Liabilities	35	2,139,555	2,333,370	-	-
Deferred income	34	1,544,322	2,005,878	-	-
Deferred tax liabilities	18	12,962,286	6,724,181	-	-
		87,782,001	74,697,140	11,958,773	13,659,279

TRANSNATIONAL CORPORATION PLC
Consolidated and Separate Statements of Financial Position
For the Year Ended 31 December 2022
Consolidated and Separate Statements of Financial Position - Contd'

		Group		Company	
		2022	2021	2022	2021
		N'000	N'000	N'000	N'000
Current Liabilities					
Trade and other payables	36	145,998,276	135,077,249	9,958,252	9,913,481
Borrowings	26	46,606,260	55,387,033	25,649,776	23,842,510
Contract Liabilities	35	258,284	152,820	-	-
Deferred income	34	447,756	450,659	-	-
Defined Benefit Liability	39	33,008	-	-	-
Lease liabilities	37	-	297,123	-	297,123
Income tax payable	17.1	6,803,600	3,645,712	419,754	288,087
		200,147,184	195,010,596	36,027,782	34,341,201
Total Liabilities		287,929,185	269,707,736	47,986,555	48,000,480
Total Equity and Liabilities		442,702,922	416,000,017	95,878,328	89,704,894

The consolidated and separate financial statements were approved by the Board of Directors on February 24, 2023 and were signed on its behalf by:



Mr. Tony O. Elumelu, CFR
Chairman, Board of Directors
FRC/2013/CIBN/00000002590



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



Mrs. Owen Omogiafo
President
FRC/2019/IODN/00000019827

The accounting policies on pages 23 to 53 and the notes on pages 54 to 104 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION PLC
Consolidated and Separate Statements of Changes in Equity
For the Year Ended 31 December 2022.

	Share capital N'000	Share premium N'000	Other reserves N'000	Retained earnings N'000	Total attributable to owners of the parents N'000	Non- controlling interest N'000	Total equity N'000
Group							
Balance at 1 January, 2021	20,323,996	6,249,871	1,982,031	28,620,256	57,176,154	38,249,016	95,425,170
Profit for the year	-	-	-	13,964,329	13,964,329	9,867,123	23,831,452
Other comprehensive income	-	-	(287,642)	-	(287,642)	-	(287,642)
Total comprehensive (loss)/income for the year	20,323,996	6,249,871	1,694,389	42,584,585	70,852,841	48,116,139	118,968,980
*Adjustment for disposal of shares (Note 6.2)	-	-	-	-	-	2,494,214	2,494,214
Other reserve from TransAfam Power Limited (Note 33.3)	-	-	24,757,597	-	24,757,597	-	24,757,597
Retained earnings from TransAfam Power Limited (Note 33.1)	-	-	-	5,424,033	5,424,033	-	5,424,033
Dividends (Note 36.1)	-	-	-	(406,480)	(406,480)	(4,946,064)	(5,352,544)
Total distributions to owners of company recognised directly in equity	-	-	24,757,597	5,017,553	29,775,150	(2,451,850)	27,323,300
Balance at 31 December, 2021	20,323,996	6,249,871	26,451,986	47,602,138	100,627,991	45,664,290	146,292,280
Balance at 1 January, 2022	20,323,996	6,249,871	26,451,986	47,602,138	100,627,991	45,664,290	146,292,280
Profit for the year	-	-	-	7,787,836	7,787,836	9,051,888	16,839,723
Other comprehensive income/(loss) (Note 25)**	-	-	(215,656)	-	(215,656)	-	(215,656)
Total comprehensive income/(loss) for the year	-	-	(215,656)	7,787,836	7,572,180	9,051,888	16,624,067
Dividends (Note 36.1)	-	-	-	(812,960)	(812,960)	(7,329,652)	(8,142,612)
Total distributions to owners of company recognised directly in equity	-	-	-	(812,960)	(812,960)	(7,329,652)	(8,142,612)
Balance at 31 December, 2022	20,323,996	6,249,871	26,236,330	54,577,014	107,387,211	47,386,526	154,773,737
Note(s)	32	32				41	

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

**Other reserve represents fair value loss on equity investment during the year.

The accounting policies on pages 23 to 53 and the notes on pages 54 to 104 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION PLC
Consolidated and Separate Statement of Changes in Equity
For the Year Ended 31 December 2022.

	Share capital N'000	Share premium N'000	Other reserves N'000	Retained earnings N'000	Total attributable to owners of the parents N'000	Non- controlling interest N'000	Total equity N'000
Company							
Balance at 1 January, 2021	20,323,996	6,249,871	2,093,711	10,296,595	38,964,173	-	38,964,173
Profit for the year	-	-	-	3,434,363	3,434,363	-	3,434,363
Other comprehensive income	-	-	(287,642)	-	(287,642)	-	(287,642)
Total comprehensive (loss)/income for the year	20,323,996	6,249,871	1,806,069	13,730,958	42,110,894	-	42,110,894
Dividends	-	-	-	(406,480)	(406,480)	-	(406,480)
Total distributions to owners of company recognised directly in equity	-	-	-	(406,480)	(406,480)	-	(406,480)
Balance at 31 December, 2021	20,323,996	6,249,871	1,806,069	13,324,478	41,704,414	-	41,704,414
Balance at 1 January, 2022	20,323,996	6,249,871	1,806,069	13,324,478	41,704,414	-	41,704,414
Profit for the year	-	-	-	7,215,975	7,215,975	-	7,215,975
Other comprehensive income	-	-	(215,656)	-	(215,656)	-	(215,656)
Total comprehensive income for the year	-	-	(215,656)	7,215,975	7,000,319	-	7,000,319
Dividends	-	-	-	(812,960)	(812,960)	-	(812,960)
Total distributions to owners of company recognised directly in equity	-	-	-	(812,960)	(812,960)	-	(812,960)
Balance at 31 December, 2022	20,323,996	6,249,871	1,590,413	19,727,493	47,891,773	-	47,891,773
Note(s)	32	32					

The accounting policies on pages 23 to 53 and the notes on pages 54 to 104 form an integral part of the consolidated and separate financial statements.

TRANSNATIONAL CORPORATION PLC
Consolidated and Separate Statements of Cash Flows
For the Year Ended 31 December 2022.

		Group		Company	
		2022	2021	2022	2021
	Note(s)	N '000	N '000	N '000	N '000
Cash flows from operating activities					
Profit before taxation		30,276,333	27,998,554	8,439,745	4,022,153
Adjustments for:					
Depreciation of property, plant and equipment	20	6,965,840	6,656,500	14,364	7,359
Amortisation of intangible assets	24	41,730	24,973	-	-
Depreciation of right of use asset	21	56,759	57,515	56,759	57,515
Adjustment of PPE	20	-	-	5,625	-
Loss/ (Profit) on disposal of property, plant and equipment	11	462	(25,798)	(2,688)	(339)
Profit on disposal of shares	11	-	(1,600,740)	-	(1,600,740)
Dividend income on equity securities	11	(482,532)	(238,853)	(482,532)	(238,853)
Finance income	12	(117,330)	(283,926)	(968,491)	(1,081,922)
Finance cost on loan and borrowings	13	16,538,173	15,313,345	4,721,682	4,486,583
Interest cost on lease rental	13	2,877	13,977	2,877	13,977
Adjustment for tax on franked income		(48,220)	-	(1,080,058)	(512,738)
Impairment gain on financial assets	16	672,977	182,795	5,160	-
Increase in fair value of investment properties	22	(1,546,000)	(146,100)	(1,546,000)	(146,100)
Adjustment for acquisition of TransAFAM	41.1	-	(83,644,453)	-	-
Changes in working capital:					
(Increase) in Inventories		(955,443)	(105,802)	-	-
(Increase) /Decrease in Trade and Other Receivables		(15,332,650)	10,471,218	(1,021,222)	(17,402,556)
Decrease/(Increase) in Prepayments		(2,831,942)	(522,820)	24,386	(12,241)
Increase in Trade and Other Payables		7,806,302	52,911,365	44,771	(688,253)
(Decrease) in Contract Liabilities		(88,351)	(129,963)	-	-
Increase in Defined Benefits		194,713	-	-	-
(Decrease)/Increase in Deferred Income		(464,459)	1,151,002	-	-
Cash generated from operations		40,689,239	28,082,789	8,214,378	(13,096,155)
Income tax paid	17	(3,200,195)	(889,782)	(12,043)	(5,489)
Net cash generated by operating activities		37,489,044	27,193,007	8,202,335	(13,101,644)
Cash flows from investing activities					
Deposit for Investment	27& 6.1	-	27,453,129	-	16,277,480
Investment in Subsidiaries	6.1	-	-	(2,273,625)	-
Purchase of property, plant and equipment	20	(17,604,276)	(15,508,617)	(39,219)	(37,905)
Proceeds from sale of property, plant and equipment		12,235	25,170	3,612	(289)
Proceeds of disposal of shares	6	-	4,095,213	-	4,095,213
Purchase of investment in financial assets	25	-	(1,500,000)	-	-
Purchase of other investments	40	(1,800,450)	-	(400,100)	-
Purchase of other intangible assets	24	(160,201)	(68,748)	-	-
Interest received	12	34,123	260,863	-	716
Dividend income on equity securities	11	482,532	238,853	482,532	238,853
Net cash generated/ (used in) by investing activities		(19,036,037)	14,995,863	(2,226,800)	20,574,068
Cash flows from financing activities					
Proceeds from borrowings	26	33,106,606	34,209,847	-	-
Repayment of borrowings	26	(42,669,115)	(49,346,197)	(1,864,056)	(5,101,688)
(Decrease)/ Increase in Lease Liabilities	37	(300,000)	13,977	(300,000)	-
Dividends paid	36.1	(5,027,887)	(3,392,955)	(812,960)	(406,480)
Interest paid	26	(8,847,322)	(16,678,036)	(2,942,672)	(4,329,191)
Net cash generated by/(used in) financing activities		(23,737,718)	(35,193,364)	(5,919,688)	(9,837,359)
Net increase/(decrease) in cash and cash equivalents		(5,284,710)	6,995,505	55,846	(2,364,935)
Cash and cash equivalent at the beginning of the year	31	10,764,846	3,769,341	(1,192,322)	1,172,613
Cash and cash equivalent at end of the year	31	5,480,136	10,764,846	(1,136,476)	(1,192,322)

Some comparative Group and Company balances have been reclassified for a better presentation of the statements of cash flow in the current year.

TRANSNATIONAL CORPORATION PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Accounting Policies

1. Corporate information

The consolidated and Separate financial statements of Transnational Corporation Plc and its subsidiaries (collectively, the Group) for the year ended 31 December, 2022 were authorised for issue in accordance with a resolution of the Directors on February 24, 2023. Transnational Corporation Plc (the Company or the Parent) is a public company incorporated under the Companies and Allied Matters Act (CAMA) on 16 November 2004, domiciled in Nigeria and whose shares are publicly traded. The registered office is located at 38 Glover Road, Ikoyi, Lagos, Nigeria.

The Major Shareholder is UBA Nominees Limited with 3,760,000 shares being 9.25% shareholding (2021: 9.26%)

The Group is principally engaged in the power, agro-allied, oil & gas and hospitality industry. Information on the Group's structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 43.

2. Significant Accounting Policies

2.1 Basis of preparation

The Consolidated and Separate financial statements of the Group have been prepared in compliance with the CAMA and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Financial Reporting Council Act 2021 as amended.

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

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

2.2 Going concern

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

2.3 Basis of consolidation

The Consolidated and Separate financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

TRANSNATIONAL CORPORATION PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Significant Accounting Policies

2.3 Basis of consolidation-Cont'd

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

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

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

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

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

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

2.4 Business combinations and goodwill

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

TRANSNATIONAL CORPORATION PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Significant Accounting Policies

2.4 Business combinations and goodwill - Continued

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

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

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

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

2.5 Current versus non-current classification

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

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

All other assets are classified as non-current.

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2. Significant Accounting Policies

2.5 Current versus non-current classification

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.6 Fair value measurement

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

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

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

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

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

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

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

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

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

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2. Significant Accounting Policies

2.6 Fair value measurement-Cont'd

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

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

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

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

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

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

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

2.7 Revenue from contracts with customers

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

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

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

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2. Significant Accounting Policies

2.7 Revenue from contracts with customers-Cont'd

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

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

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

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

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

Rooms

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

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

Food and beverages

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

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2. Significant Accounting Policies

2.7 Revenue from contracts with customers-Cont'd

Energy and capacity charge

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

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

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

Ancillary services

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

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

Other services

The Group generates revenue from other streams such as fitness club, laundry services, business centre, valet services. Revenue from rendering these services is recognised over time. Using an output method in measuring progress for the provision of the amenities because time elapsed, faithfully depict the entity's performance towards complete satisfaction of the performance obligation. The normal credit term is 30 days upon check-in.

Trade receivables

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

Contract Liability

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

Security deposit

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

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2. Significant Accounting Policies

2.8 Taxes

Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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2. Significant Accounting Policies

2.8 Taxes-Cont'd

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

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

Value added tax (VAT)

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

- When the value added tax (VAT) incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case, the Value added tax (VAT) is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax (VAT) included.

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

2.9 Foreign currencies

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

Transactions and balances

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

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

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

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

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2. Significant Accounting Policies

2.9 Foreign currencies-Cont'd

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

2.10 Cash dividend

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

2.11 Property, plant and equipment

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

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

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

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

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

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

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2. Significant Accounting Policies

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

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

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

Assets are depreciated when available for use.

Derecognition of Property, Plant and Equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

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

2. Significant Accounting Policies

2.12 Leases

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

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

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

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2. Significant Accounting Policies

Group as lessee

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

Lease liability

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

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

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

Right-of-Use Assets

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

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

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

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

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2. Significant Accounting Policies

2.12 Leases-Cont'd

Group as lessor

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

2.13 Borrowing costs

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

2.14 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

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

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

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

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2. Significant Accounting Policies

2.15 Intangible assets

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

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Derecognition of Intangible Assets

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

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

Computer software

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

Research and development

Research costs are charged to expense as incurred.

Development expenses are capitalised when the following can be demonstrated:

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

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

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2. Significant Accounting Policies

2.15 Intangible assets-Cont'd

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

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

Pre- license costs

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

License acquisition costs

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

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

Acquisition of producing assets

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

Exploration and evaluation costs

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

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

TRANSNATIONAL CORPORATION PLC
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2. Significant Accounting Policies

2.15 Intangible assets-Cont'd

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

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

Development expenditure

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

2.16 Financial instruments – initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition and measurement

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

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

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

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

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

TRANSNATIONAL CORPORATION PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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2. Significant Accounting Policies

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

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2. Significant Accounting Policies

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

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

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

TRANSNATIONAL CORPORATION PLC
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2. Significant Accounting Policies

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Financial liabilities at amortised cost

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

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

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

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

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2. Significant Accounting Policies

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

Derecognition

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

iii) Offsetting of financial instruments

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

2.17 Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

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

2.18 Impairment of non-financial assets

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

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

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

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

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2. Significant Accounting Policies

2.18 Impairment of non-financial assets-Cont'd

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

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

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

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

2.19 Cash and cash equivalent

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

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

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

TRANSNATIONAL CORPORATION PLC
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2. Significant Accounting Policies

2.21 Pension and other post-employment benefits

Defined contribution scheme - pension

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

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

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

Short term Employee Benefit

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and obligation can be estimated reliably.

Other long-term employee benefits

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The Projected Unit Credit (PUC) method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The regular benefit expense for the year to be recognised in Profit/Loss is a result of:

- a) the cost of the additional benefits that members accrue during the year based on projected benefit at future payment date (current service cost) (see note 15);
- b) plus net interest on the net liability, i.e.:
 - interest cost on the accrued defined benefit obligation
 - interest income on the fair value of plan assets (if any)

The amount recognised as a net benefit liability in the Consolidated Statement of Financial Position is:

- the deficit in the plan; (see note 37)
- plus the effect of asset ceiling, if applicable.
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).
- actuarial gains and losses arising during the financial year;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability(asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Amendments to Plan, Curtailments and Settlements in the Staff Long Service Award (LSA) plan

During the current financial year, there was no change made to the Long Service Award (LSA) plan. Also, there were no material events, Curtailment or Settlements during the financial year.

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2. Significant Accounting Policies

2.22 Deferred income

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

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

2.23 Profit-sharing and bonus plan

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

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

3. Significant Accounting Judgements, Estimates and Assumptions

3.1 Judgements

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

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

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

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

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

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3. Significant Accounting Judgements, Estimates and Assumptions

Property lease classification – Group as lessor

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

Revenue from contracts with customers

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

Determining the timing of satisfaction

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

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

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

TRANSNATIONAL CORPORATION PLC
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3 Significant Accounting Judgements, Estimates and Assumptions

3.1 Judgements-Cont'd

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

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

Allocation of transaction price to customer loyalty programme

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

The Group has assessed that revenue earned from service charge will be recognised as the host good or service is being satisfied. For rooms and other services: revenue earned from service charge levied on rooms and other services will be recognised over time, in line with how revenue from rooms and other services are being recognised.

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

Principal versus agent considerations: Hilton Honours- customer loyalty program

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

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

Principal versus agent considerations: Hilton Honours- customer loyalty program

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

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

3.2 Estimates and assumptions

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based comparative method of valuation was used to arrive at the fair value of the land. The Group engaged an independent valuation specialist to assess fair values as at 31 December, 2022 for the investment properties.

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3. Significant Accounting Judgements, Estimates and Assumptions

3.2 Estimates and assumptions-Cont'd

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

Valuation Basis

The basis of valuation of the investment property is the comparative method, that is, the price, which an interest in a property might reasonably be expected to realize in a comparative property within same area assuming:

- a. a willing buyer;
- b. a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;
- c. values will remain static throughout the period;
- d. the property will be freely exposed to the market;
- e. no account is to be taken of an additional bid by a special purchaser;
- f. no account is to be taken of expenses of realization, which may arise in the event of a disposal.

Method of Valuation

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

Direct Market Comparison Approach

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

Impairment of non-financial assets

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

Provision for expected credit losses of trade receivables and Contract Assets

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

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3. Significant Accounting Judgements, Estimates and Assumptions

3.2 Estimates and assumptions-Cont'd

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 29.

Measurement of the expected credit loss allowance for financial asset

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

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

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

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

Taxes

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

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4 New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework

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

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

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

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

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

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

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IFRS 9 Financial Instruments

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

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

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

The Group Directors have determined that the application of these standards have had no material impact on the disclosures, or the amounts recognised in Group's Consolidated financial statements.

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

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. They are listed below:

- 1) IFRS 17 (including the June 2020 amendments to IFRS 17) Insurance Contracts
- 2) Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- 3) Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- 4) Amendments to IAS 1 and IFRS - Disclosure of Accounting Policies
- 5) Amendments to IAS 8 Definition of Accounting Estimates
- 6) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

IFRS 17 Insurance Contracts

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

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

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

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

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

The effective date of the amendment is to be determined by the IASB.

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

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

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

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

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

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

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

Amendments to IAS 1 Presentation of Financial Statements and IFRS-Disclosure of Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

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

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

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

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

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

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5 Segment analysis

The Group

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

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

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

i Hospitality

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

ii Agro-allied

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

iii Power

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

iv Oil & Gas

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

v Corporate Centre

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

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

The revenue from external parties reported to the Group is measured in a manner consistent with that in the income statement.

Sales between segments are carried out at arm's length. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

As at 31 December 2022

	Hospitality N'000	Oil & Gas N'000	Agro-Allied N'000	Power N'000	Corporate Centre N'000	Inter-Segment Elimination N'000	Total N'000
Revenue	31,441,914	-	-	103,279,272	10,318,046	(10,318,046)	134,721,185
Cost of Sales	(9,052,256)	-	-	(59,248,133)	-	-	(68,300,389)
Gross profit	22,389,658	-	-	44,031,139	10,318,046	(10,318,046)	66,420,796
Other operating income/(loss)	969,243	2,980	1,757,057	610,648	4,381,905	(4,022,205)	3,699,629
Impairment (loss)/gain on financial assets	(64,273)	-	-	(682,490)	(5,160)	78,946	(672,977)
Administrative expenses	(14,634,848)	(272,447)	(1,200)	(7,605,068)	(2,498,979)	2,265,148	(22,747,395)
Finance cost	(4,141,497)	-	-	(8,619,457)	(4,724,559)	944,464	(16,541,050)
Finance income	8,721	-	-	1,343,132	968,491	(2,203,014)	117,330
Profit/(loss) before taxation	4,527,003	(269,467)	1,755,857	29,077,904	8,439,743	(13,254,707)	30,276,333
Total assets	120,487,382	9,452,471	16,753	303,294,981	95,911,127	(86,459,792)	442,702,922
Total liabilities	(57,697,767)	(11,494,082)	(19,945)	(228,577,902)	(47,987,752)	57,848,265	(287,929,185)
Net assets	62,789,615	(2,041,611)	(3,192)	74,717,079	47,923,375	(28,611,527)	154,773,737

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5 Segment analysis-continued

As at 31 December 2021

	Hospitality N'000	Oil & Gas N'000	Agro-Allied N'000	Power N'000	Corporate Centre N'000	Inter-Segment Elimination N'000	Total N'000
Revenue	21,742,192	-	-	89,477,144	5,127,383	(5,127,383)	111,219,336
Cost of Sales	(5,512,699)	-	-	(50,927,242)	-	-	(56,439,941)
Gross profit	16,229,493	-	-	38,549,902	5,127,383	(5,127,383)	54,779,395
Other operating income/(loss)	909,383	(443,388)	14,358	131,188 (551,892)	4,006,028	(1,973,527)	2,644,042
Impairment (loss)/gain on financial assets	20,224	-	-	-	-	348,873	(182,795)
Administrative expenses	(11,428,226)	(256,811)	(7,748)	(7,293,083)	(1,692,620)	1,973,527	(18,704,961)
Finance cost	(4,072,562)	-	-	(7,859,832)	(4,500,560)	1,105,632	(15,327,322)
Finance income	4,299	-	-	1,123,930	1,081,922	(1,926,225)	283,926
Bargain Purchase on Afam consolidation	-	-	-	-	-	4,506,270	-
Profit/(loss) before taxation	1,662,611	(700,199)	6,610	24,100,213	4,022,153	(1,092,833)	27,998,554
Total assets	115,889,727	8,218,853	16,753	278,363,149	89,737,694	(76,226,159)	416,000,017
Total liabilities	(53,669,501)	(9,990,997)	(1,775,802)	(208,609,454)	(48,001,679)	52,339,697	(269,707,736)
Net assets	62,220,226	(1,772,144)	(1,759,049)	69,753,696	41,736,015	(23,886,462)	146,292,281

Revenue for the Corporate Centre in 2022 relates to dividend income from Transcorp Power Limited and Transcorp Hotels to the Company.

Other operating income relates to Management and Technical Services fees from Transcorp Power Limited, TransAfam Power Limited and Transcorp Hotels Plc, to the Company, and dividend earned on equity investments.

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

	2022 N'000	2021 N'000
Revenue		
Total revenue for reportable segments	145,039,231	116,346,719
Elimination of inter-segment revenue (i)	(10,318,046)	(5,127,383)
External revenue	134,721,185	111,219,336
Profit or loss		
Profit for reportable segments	43,531,041	33,597,657
Elimination of inter-segment profits (ii)	(13,254,708)	(5,599,103)
Consolidated profit before taxation	30,276,333	27,998,554
Assets	31 December 2022	31 December 2021
Total assets of reportable segments	529,162,714	492,226,176
Consolidation eliminations (iii)	(86,459,792)	(76,226,159)
Consolidated total assets	442,702,922	416,000,017
Liabilities		
Total liabilities of reportable segments	345,777,448	322,047,432
Consolidation eliminations (iv)	(57,848,265)	(52,339,697)
Consolidated total liabilities	287,929,182	269,707,735

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5 Segment analysis-continued

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

- (i) Elimination of inter-segment revenue relates to dividend income from Transcorp Power Limited to Transnational Corporation Plc.
- (ii) Elimination of inter-segment other operating income/(loss) relates to management and technical service fees income from Transcorp Power Limited, TransAfam Power Limited and Transcorp Hotels Plc, to Transnational Corporation Plc.
- (iii) Elimination of inter-segment profits relates to dividend income, management and technical service fees, and finance cost/income between the segments and other income arising from transactions with non-controlling interests.
- (iv) Investments of Transnational Corporation Plc in its subsidiaries and investment of Transcorp Hotels Plc in Transcorp Hotels Calabar Limited, Transcorp Hotels Port Harcourt Limited, Transcorp Hotels Ikoyi Limited and Aura by Transcorp Hotels Limited respectively accounts for the consolidation eliminations of total assets of reportable segments. Inter-segment receivables were also eliminated to arrive at the consolidated total assets.
- (v) Inter-segment payables, dividend payable to segments within the Group and management fees payable and interest payable to Transnational Corporation Plc from Transcorp Hotels Plc, Transcorp Power Limited and TransAfam Power Limited accounts for the consolidation eliminations in total liabilities of the reportable segments.

Entity-wide information

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

Analysis of revenue by category:

	31 December 2022 N'000	31 December 2021 N'000
Rooms	19,675,930	14,085,653
Food and beverage	10,231,748	6,470,388
Shop rental	1,055,726	823,269
Other operating revenue	478,510	254,729
Capacity charge	61,953,343	32,415,880
Energy sent out	41,302,228	57,031,863
Ancillary services	23,700	137,554
Total	134,721,185	111,219,336

Analysis of Cost of sales by category:

	31 December 2022 N'000	31 December 2021 N'000
Room	3,407,164	1,834,155
Food and beverages	5,104,372	3,495,250
Natural gas and fuel costs	48,547,556	41,939,331
Direct materials and related expenses	481,394	1,184,826
Employee costs	1,046,313	769,610
Depreciation and impairment	4,242,798	4,016,646
Repairs and maintenance	3,827,741	2,243,218
Insurance	298,972	280,873
Other expenses	1,344,081	676,032
	68,300,389	56,439,941

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

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6. Interests in subsidiaries including consolidated structured entities

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

Company

Name of company	Principal activities	% holding	% holding	Carrying amount	Carrying amount
		2022	2021	2022	2021
				N' 000	N' 000
Transcorp Hotels Plc	Hospitality services	76.2 %	76.2 %	25,470,755	25,470,755
Transcorp Power Limited*	Power generation	51.02 %	50.9 %	19,100,213	16,826,588
Transcorp Energy Limited	Exploration of petroleum product	99.0 %	99.0 %	9,900	9,900
TransAfam Power Limited	Power generation	95.0 %	95.0 %	47,500	47,500
Transcorp Properties Limited	Building	100.0 %	100.0 %	10,000	10,000
Transcorp OPL 281 Nigeria Limited	Exploration, refining and marketing of petroleum products	100.00%	100.00%	500	500
Terago Commodities Limited	Growing of Agricultural product processing food and cash crops	95.00%	95.00%	9,500	9,500
Transcorp Refining Company Limited	Oil and gas exploration, refining and marketing General maritime	100.0 %	100.0 %	1,000	1,000
Transcorp Trading and Logistics Limited	Operation Communication	100.0 %	100.0 %	10,000	10,000
Transcorp Telecomms Limited	Operation Communication services	100.0 %	100.0 %	10,000	10,000
Aura by Transcorp Hotel Limited	Hospitality services	20.0 %	20.0 %	20	20
Transcorp Hotel Plc's investments in subsidiaries include:				-	-
Transcorp Hotels Calabar Limited	Hospitality services	100.0 %	100.0 %	-	-
Transcorp Hotels Port Harcourt Limited	Hospitality services	100.0 %	100.0 %	-	-
Transcorp Hotels Ikoyi Limited	Hospitality services	58.0 %	58.0 %	-	-
Aura by Transcorp Hotel Limited	Hospitality services	60.0 %	60.0 %	-	-
TransAfam Power Limited's investments in subsidiaries include:				-	-
Afam Power Plc	Power generation	100.0 %	100.0 %	-	-
Afam Three Fast Power Limited	Power generation	100.0 %	100.0 %	-	-
				-	-
				44,669,388	42,395,763

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Interests in subsidiaries including consolidated structured entities - Contd'

6.1 Movement in investment in subsidiaries

	2022 N' 000	2021 N' 000
As at 1 January	42,395,763	61,167,716
Transfer to intercompany		(16,277,500)
Additional investment during the year (6.3)	2,273,625	20
Disposal of investment		(2,494,473)
	<u>44,669,388</u>	<u>42,395,763</u>

Transfer to intercompany account

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

6.2 Profit on disposal of shares in Transcorp Hotels Plc

	N' 000	N' 000
Proceeds of disposal of shares	-	4,147,968
Cost of disposal of shares	-	(52,755)
Net proceeds on disposal of shares	16	<u>4,095,213</u>
Cost of investment	-	(2,494,473)
Profit on disposal	-	<u>1,600,740</u>

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

6.3 Investments made by subsidiaries during the year

Transcorp Power Limited*

Part of the dividend declared for 2021 was converted into shares (2,273,625,000) which increased the Company's shareholding percentage from 50.89% to 51.02%

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Interests in subsidiaries including consolidated structured entities - Contd'

6.4 Material partly-owned subsidiaries

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

Proportion of equity interest held by non-controlling interests:

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest	
		2022	2021
Transcorp Hotels Plc	Nigeria	23.8 %	23.8 %
Transcorp Power Limited	Nigeria	49.0 %	49.1 %
TransAfam Power Limited	Nigeria	5.0 %	5.0 %

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

	Transcorp Hotels Plc - Group		Transcorp Power Limited		TransAfam Power Limited	
	2022	2021	2022	2021	2022	2021
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Assets						
Non-current assets	110,405,033	106,245,806	66,612,682	65,918,561	126,308,434	119,719,593
Current assets	10,082,349	9,643,921	101,574,766	89,495,784	8,799,099	3,229,211
Total assets	120,487,382	115,889,727	168,187,448	155,414,345	135,107,533	122,948,804
Liabilities						
Non-current liabilities	28,392,256	28,039,657	35,023,236	20,590,468	10,525,000	10,525,000
Current liabilities	29,305,511	25,629,844	95,200,238	100,817,742	87,829,428	76,676,244
Total liabilities	57,697,767	53,669,501	130,223,474	121,408,210	98,354,428	87,201,244
Total net assets	62,789,615	62,220,226	37,963,975	34,006,135	36,753,105	35,747,560
Carrying amount of non-controlling interest	14,969,044	14,833,302	18,640,312	16,697,012	1,837,655	877,603

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Interests in subsidiaries including consolidated structured entities - Contd'

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

	Transcorp Hotels Plc - Group		Transcorp Power Limited		TransAfam Power Limited	
	2022	2021	2022	2021	2022	2021
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Revenue	31,441,914	21,742,192	90,349,386	74,330,710	12,929,886	15,146,434
Cost of sales	(9,052,256)	(5,512,699)	(48,147,009)	(39,711,272)	(11,101,124)	(11,215,970)
Other operating income/(loss)	969,243	909,383	105,902	123,581	504,746	7,607
Impairment (loss)/gain on financial assets	(64,273)	20,224	(812,741)	(346,932)	130,251	(204,960)
Termination/retirement benefits	-	-	-	-	-	-
Administrative expenses	(14,634,848)	(11,428,226)	(5,709,134)	(4,551,196)	(1,895,934)	(2,741,887)
Finance income	8,721	4,299	1,343,132	1,105,327	-	18,603
Finance cost	(4,141,497)	(4,072,562)	(8,510,559)	(7,859,832)	(108,898)	-
Profit before tax	4,527,003	1,662,611	28,618,977	23,090,386	458,927	1,009,827
Tax expense	(1,909,109)	(545,294)	(11,335,571)	(3,546,935)	-	-
Profit after tax	2,617,894	1,117,317	17,283,406	19,543,451	458,927	1,009,827
Total comprehensive income	2,617,894	1,117,317	17,283,406	19,543,451	1,629,849	1,629,849
Profit allocated to non-controlling interest	(26,609)	(26,609)	864,170	977,173	22,946	24,791

Summarised consolidated and separate statement of cash flows

	Transcorp Hotels Plc - Group		Transcorp Power Limited		TransAfam Power	
	2022	2021	2022	2021	2022	2021
Cash flows from operating activities	868,413	5,674,097	5,987,345	39,409,550	175,845	11,304,560
Cash flows from investing activities	(911,596)	(837,260)	(2,173,005)	(8,839,173)	(976,235)	(4,736,544)
Cash flows from financing activities	(959,446)	(3,447,006)	(1,890,764)	(21,098,890)	(834,560)	(3,789,415)
Net increase(decrease) in cash and cash equivalents	(1,002,629)	1,389,831	1,923,576	9,471,487	(1,634,950)	2,778,601

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7. Financial instruments risk management objectives and policies

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

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

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Classes and categories of financial instruments and their fair values

Categories of financial assets

Group - 2022

		Fair value through other	Amortised	Total
	Note(s)	comprehensive income	cost	Carrying
		N'000	N'000	Amount
				N'000
Investment in finance assets	25	5,278,575	-	5,278,575
Trade and other receivables	29	-	82,641,126	82,641,126
Cash and Bank balance	31	-	9,378,246	9,378,246
		5,278,575	92,019,372	97,297,947

Group - 2021

Carrying value

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

Company - 2022

Carrying value

		Fair value through other	Amortised	Total
	Note(s)	comprehensive income	cost	Carrying
		N'000	N'000	Amount
				N'000
Investments in finance asset	25	3,672,305	-	3,672,305
Trade and other receivables	29	-	37,230,650	37,230,650
Cash and Bank balance	31	-	740,907	740,907
		3,672,305	37,971,557	41,643,862

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

Company - 2021

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

Categories of financial liabilities

Group - 2022

	Note(s)	Amortised cost N'000	Total Carrying Amount N'000
Trade and other payables	36	132,734,148	132,734,148
Borrowings	26	104,645,393	104,645,393
		237,379,541	237,379,541

Group - 2021

	Note(s)	Amortised cost N'000	Total Carrying Amount N'000
Trade and other payables	36	126,568,208	126,568,208
Borrowings	26	106,085,744	106,085,744
		232,653,952	232,653,952

Company - 2022

	Note(s)	Amortised cost N'000	Total Carrying Amount N'000
Trade and other payables	36	9,716,861	9,716,861
Borrowings	26	37,608,549	37,608,549
		47,325,410	47,325,410

Company - 2021

	Note(s)	Amortised cost N'000	Total Carrying Amount N'000
Trade and other payables	36	9,532,734	9,532,734
Borrowings	26	37,501,789	37,501,789
		47,034,523	47,034,523

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7. Financial instruments risk management objectives and policies-continued

Capital risk management

For the purpose of the Group's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the finance covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 50% and 70%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

		Group		Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Borrowings	26	104,645,393	106,085,744	37,608,549	37,501,789
Trade and other payables	36	132,734,148	126,568,208	9,716,861	9,532,734
Total debt		237,379,541	232,653,952	47,325,410	47,034,523
Cash and bank deposits	31	(9,378,246)	(14,231,648)	(740,907)	(493,255)
Net debt		228,001,295	218,422,304	46,584,503	46,541,268
Equity		154,773,737	146,292,281	47,891,773	41,704,414
Capital and net debt		382,775,032	364,714,585	94,476,276	88,245,682
Gearing ratio		60 %	60 %	49 %	53 %

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December, 2022 and 2021.

Financial risk management

Credit risk

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

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

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7 Financial instruments risk management objectives and policies-continued							
Group		2022			2021		
		Gross carrying amount	Credit loss allowance	Net carrying amount	Gross carrying amount	Credit loss allowance	Net carrying amount
		N'000	N'000	N'000	N'000	N'000	N'000
Trade and other receivables	29.4	89,653,456	(7,012,329)	82,641,127	74,950,903	(6,969,450)	67,981,453
Bank balances	32	9,332,636	-	9,332,636	14,200,093	-	14,200,093

Company		2022			2021		
		Gross carrying amount	Credit loss allowance	Net carrying amount	Gross carrying amount	Credit loss allowance	Net carrying amount
		N'000	N'000	N'000	N'000	N'000	N'000
Trade and other receivables	29	38,895,069	(1,664,419)	37,230,650	38,662,414	(3,416,316)	35,246,098
Bank balances	32	722,357	-	722,357	473,893	-	473,893

Impairment of trade receivables

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

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

	Trade receivables - Group					
	Days past due					
	Current	<30 days	30-60 days	61-90 days	> 91 days	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
31-Dec-22						
Third party receivables						
Expected credit loss rate	1.6%	2.0%	2.2%	7.3%	10.1%	
Estimated total gross carrying amount at default	7,345,680	6,835,465	8,324,560	3,204,560	62,649,310	88,359,575
Expected credit loss	120,254	136,584	184,355	235,455	6,335,681	7,012,329
31-Dec-21						
Third party receivables						
Expected credit loss rate	1.5%	2.3%	2.7%	5.5%	13.6%	
Estimated total gross carrying amount at default	6,721,987	5,915,556	6,573,909	4,973,118	46,041,621	70,226,191
Expected credit loss	102,346	134,247	179,691	274,520	6,278,646	6,969,450

There is no trade receivables for the Company.

Reconciliation of Loss Allowances on Third Party Receivables

	Group		Company	
	2022	2021	2022	2021
As at 1 January	6,969,450	6,786,655	3,416,316	3,416,316
Charge for the year	672,977	182,795	5,160	-
Write-off	(630,098)	-	(1,757,057)	-
As at 31 December	7,012,329	6,969,450	1,664,419	3,416,316

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Related party receivables (Note 29.2)	Company	
	2022	2021
Expected credit loss rate	3.0%	7.7%
Estimated total gross carrying amount at default	36,896,511	36,961,075
Expected credit loss	1,097,333	2,849,230

Risk management

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

Liquidity risk

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

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

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

Foreign currency risk

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

Foreign Currency Balance	Group		Company	
	2022	2021	2022	2021
USD	5,428,711	116,527	12,830	9,820
GBP	129,787	1,932	-	-
Euro	3,076	-	-	-

Foreign currency sensitivity analysis

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

Group	2022	2022	2021	2021
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Effect on profit before tax:				
Change in USD rate 2% (2021: 2%)	50,107,003	(50,107,003)	444,052	(444,052)
Change in GBP rate 2% (2021: 2%)	1,197,937	(1,197,937)	1,368	(1,368)
	51,304,940	(51,304,940)	445,420	(445,420)

7. Financial instruments risk management objectives and policies-continued

Company	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Effect on profit before tax:				
Change in USD rate 2% (2021: 2%)	118,423	(118,423)	445,245	(445,245)

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

Interest rate risk

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

Equity price risk

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

At the reporting date, the exposure to equity investments at fair value listed on the Nigeria Exchange Group (NGX) was N5,278,575,000 (31 December, 2021: N5,411,024,000). The changes in fair values of the equity investments held are strongly positively correlated with changes of the NGX market index. The Group has determined that an increase/(decrease) of 5% on the NSE market index could have an impact of approximately N119,714,000 (31 December, 2021: N287,642,000) increase/ (decrease) on the income and equity attributable to the Group.

Market risk

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

7. Financial instruments risk management objectives and policies-continued

7.1 Expected credit loss measurement - other financial assets

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

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

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

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other finance assets including information about their impairment allowance are disclosed below respectively.

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

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

An overview of the approach to estimating ECLs is set out in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of experts within its credit risk department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December, 2022 and 31 December, 2021.

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7. Financial instruments risk management objectives and policies-continued

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

Group and Company 31 December, 2022.

Key drivers	ECL scenario	Assigned probabilities	2023	2024	2025
Oil price	Upturn	50 %	124.28	124.28	124.28
	Base	50 %	80.88	80.88	80.88
	Downturn	0 %	33.99	33.99	33.99
Unemployment rate	Upturn	10 %	0.44	0.44	0.44
	Base	80 %	0.44	0.44	0.44
	Downturn	10 %	0.44	0.44	0.44
Inflation rate	Upturn	0 %	0.13	0.13	0.13
	Base	83 %	0.17	0.17	0.17
	Downturn	17 %	0.22	0.22	0.22

Group and Company 31 December, 2021 Key drivers

	ECL scenario	Assigned probabilities	2022	2023	2024
Oil price	Upturn	50 %	55.61	57.07	57.07
	Base	50 %	42.44	54.96	54.96
	Downturn	0 %	51.18	52.64	52.64
Unemployment rate	Upturn	10 %	0.26	0.26	0.26
	Base	80 %	0.34	0.34	0.34
	Downturn	10 %	0.36	0.36	0.36
Inflation rate	Upturn	0 %	0.11	0.11	0.11
	Base	83 %	0.12	0.12	0.12
	Downturn	17 %	0.12	0.12	0.12

**the assigned probabilities is from S&P Global report.*

7. Financial instruments risk management objectives and policies

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

	Group			Company		
31-Dec-22	Short-term	Other	Total	Short-term	Other	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	-	-	-	-	109,733	109,733
Base (82%)	-	-	-	-	899,813	899,813
Downturn (8%)	-	-	-	-	87,787	87,787
	-	-	-	-	1,097,333	1,097,333

	Group			Company		
31-Dec-21	Short-term	Other	Total	Short-term	Other	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	-	-	-	-	284,923	284,923
Base (80%)	-	-	-	-	2,336,369	2,336,369
Downturn (10%)	-	-	-	-	227,938	227,938
	-	-	-	-	2,849,230	2,849,230

7.1c Trade and other receivable and ECL allowances

	Group		Company	
	Dec 2022	2021	Dec 2022	2021
Trade and other receivables	89,653,456	74,950,903	38,895,069	38,662,414
ECL Allowance	(7,012,329)	(6,969,450)	(1,664,419)	(3,416,316)
At 31 December	82,641,127	67,981,453	37,230,649	35,246,098

7. Financial instruments risk management objectives and policies

Excessive risk concentration

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

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

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

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

Group Year ended 31 December, 2022.	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	11,121,932	2,690,935	32,360,539	57,564,558	2,899,508	106,637,472
Trade and other payables	12,356,780	23,467,567	96,909,801	-	-	132,734,148
	23,478,712	26,158,502	129,270,340	57,564,558	2,899,508	239,371,620

Group Year ended 31 December, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	-	-	57,843,570	50,698,711	-	108,542,281
Trade and other payables	-	-	126,568,208	-	-	126,568,208
	-	-	184,411,778	50,698,711	-	235,110,489

Company Year ended 31 December, 2022.	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	-	-	25,649,776	11,958,773	-	37,608,549
Trade and other payables	-	-	9,716,861	-	-	9,716,861
	-	-	35,366,637	11,958,773	-	47,325,410

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7. Financial instruments risk management objectives and policies

Company Year ended 31 December, 2021.	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
Interest-bearing loans and borrowings	-	-	23,842,510	13,659,279	-	37,501,789
Trade and other payables	-	-	9,532,734	-	-	9,532,734
	-	-	33,375,244	13,659,279	-	47,034,523

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8 Fair value measurement

Fair value hierarchy

Fair value measurement hierarchy for assets as at 31 December, 2022:

Fair value measurement					
Group Asset measured at fair value:	Date of valuation	Total N'000	Quoted prices in active markets (Level 1) N'000	Significant ob- servable inputs (Level 2) N'00 ^	Significant unobservable inputs (Level 3) N'000
Investment Property (Note 22)	31 Dec,2022	3,740,000	-	3,740,000	-
There were no transfers between Level 1 and Level 2 during 31 December, 2022.					

Group Asset measured at fair value:	Date of valuation	Total N'000	Quoted prices in active markets (Level 1) N'000	Significant ob- servable inputs (Level 2) N'00 ^	Significant unobservable inputs (Level 3) N'000
Investment Property (Note 22)	31 Dec,2021	2,194,000	-	2,194,000	-

Fair value measurement					
Group Asset measured at fair value:	Date of valuation	Total N'000	Quoted prices in active markets (Level 1) N'000	Significant ob- servable inputs (Level 2) N'00 -	Significant unobservable inputs (Level 3) N'000
Listed equity investments (Note 25)	31 Dec,2022	3,672,305	3,672,305	-	-
There were no transfers between Level 1 and Level 2 during 31 December, 2022.					
Fair value measurement hierarchy for liabilities as at 31 December, 2022.					

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Fair value measurement					
Company Assets measured at fair value:	Date of valuation	Total N'000	Quoted prices in active markets (Level 1) N'	Significant observable inputs (Level 2) N'000	Significant unobservable inputs (Level 3) N'000
Listed equity investments (Note 25)	31-Dec-21	3,887,961	3,887,961	-	-

There were no transfers between Level 1 and Level 2 during 2022.

8 Fair value measurement

8. Fair value information (continued)

Fair value hierarchy

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

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. All level 2 valuation were derived using either the net present value and discounted cash flow models or comparison with similar instruments for which market observable prices exist.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

Valuation processes applied by the Group

The following fair valuation methods and assumptions were used:

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

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9. Revenue

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

31-Dec-22	Hospitality	Power	Corporate Centre (Company)	Total
	N '000	N '000	N '000	N '000
Rooms	19,675,930	-	-	19,675,930
Food and beverages	10,231,748	-	-	10,231,748
Shop rental	1,055,726	-	-	1,055,726
Electric energy and capacity	-	103,255,572	-	103,255,572
Ancillary services	-	23,700	-	23,700
Other operating revenue	478,510	-	-	478,510
Total revenue from contracts with customers	31,441,914	103,279,272	-	134,721,186
Other revenue				
Dividend income	-	-	10,318,046	10,318,046
Total revenue	31,441,914	103,279,272	10,318,046	145,039,232

The dividend for the corporate centre is made up of N8.9bn from Transcorp Power Limited and N1.5bn from Transcorp Hotel Plc.

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

	Hospitality	Power	Corporate Centre (Company)	Total
	N '000	N '000	N '000	N '000
Revenue				
External customer	31,441,914	103,279,271	-	134,721,185
Inter-segment	-	-	10,318,046	10,318,046
	31,441,914	103,279,271	10,318,046	145,039,231
Inter-segment adjustments and eliminations	-	-	(10,318,046)	(10,318,046)
Total revenue	31,441,914	103,279,271	-	134,721,185

31-Dec-21	Hospitality	Power	Corporate Centre (Company)	Total
	N '000	N '000	N '000	N '000
Rooms	14,085,653	-	-	14,085,653
Food and beverages	6,470,388	-	-	6,470,388
Shop rental	823,269	-	-	823,269
Electric energy and capacity	-	89,477,144	-	89,477,144
Ancillary services	108,153	-	-	108,153
Other operating revenue	254,729	-	-	254,729
Total revenue from contracts with customers	21,742,192	89,477,144	-	111,219,336
Other revenue				
Dividend income	-	-	5,127,383	5,127,383
Total revenue	21,742,192	89,477,144	5,127,383	116,346,719

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9 Revenue-Continued

The dividend for the corporate centre is made up of N5.1bn from Transcorp Power Limited.

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

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

10. Cost of sales

	Group		Company	
	2022	2021	2022	2021
	N '000	N '000	N '000	N '000
Room	3,407,164	1,834,155	-	-
Food and beverages	5,104,372	3,495,250	-	-
Natural gas and fuel costs	48,547,556	41,939,331	-	-
Direct materials and related expenses	481,394	1,184,826	-	-
Employee costs	1,046,313	769,610	-	-
Depreciation and impairment	4,242,798	4,016,646	-	-
Repairs and maintenance	3,827,741	2,243,218	-	-
Insurance	298,970	280,873	-	-
Other expenses	1,344,081	676,032	-	-
	68,300,389	56,439,941	-	-

31-Dec-22

	Hospitality	Power	Corporate Centre (Company)	Total
Room	3,407,164	-	-	3,407,164
Food and beverages	5,104,372	-	-	5,104,372
Natural gas and fuel costs	-	48,547,556	-	48,547,556
Direct materials and related expenses	-	481,394	-	481,394
Employee costs	-	1,046,313	-	1,046,313
Depreciation and impairment	-	4,242,798	-	4,242,798
Repairs and maintenance	-	3,827,741	-	3,827,741
Insurance	-	298,970	-	298,970
Other expenses	540,720	803,360	-	1,344,081
	9,052,256	59,248,133	-	68,300,389

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10 Cost of sales (continued)

31-Dec-21	Hospitality	Power	Corporate Centre (Company)	Total
Room	1,834,155	-	-	1,834,155
Food and beverages	3,495,250	-	-	3,495,250
Natural gas and fuel costs	-	41,939,331	-	41,939,331
Direct materials and related expenses	-	1,184,826	-	1,184,826
Employee costs	-	769,610	-	769,610
Depreciation and impairment	-	4,016,646	-	4,016,646
Repairs and maintenance	-	2,243,218	-	2,243,218
Insurance	-	280,873	-	280,873
Other expenses	183,294	492,738	-	676,032
	5,512,699	50,927,242	-	56,439,941

11. Other gains or losses

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Management fees from subsidiaries	-	-	2,265,148	1,973,527
Change in fair value of investment properties	1,546,000	146,100	1,546,000	146,100
Rental income on investment property	27,000	20,000	27,000	20,000
Key money	152,825	152,825	-	-
Withholding tax refund	-	-	-	-
Deferred income(Note 34)	464,459	273,168	-	-
Profit/(Loss) from disposal of assets	(462)	25,798	2,688	339
Write-off of assets	-	-	-	-
Profit from disposal of shares (Note 11.2)	-	1,600,740	-	1,600,740
Net foreign exchange (loss)/gain	259,104	(784,866)	1,233	(3,133)
Other income	768,171	236,424	57,305	29,602
	3,699,629	2,644,042	4,381,906	4,006,028

TRANSNATIONAL CORPORATION PLC
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11. Other gains or losses (continued)

11.1 In 2021, the \$5mn loan being owed by Transcorp Hotels Plc to Hilton Worldwide was repaid at a discount of 35% granted

11.2 For the year ended 2021, the Company recognised profit from disposal of shares of N1.6b from the sale of 763,898,306

12. Finance income

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Financial instruments measured at amortised cost				
Interest income				
Interest on debt instrument	83,207	23,063	-	-
Interest on loan	25,402	255,092	968,491	1,081,206
Interest on bank deposits	8,721	5,771	-	716
Total finance income	117,330	283,926	968,491	1,081,922
Finance income for Cashflow	34,123	260,863	-	716

13. Finance cost

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Interest on loans and borrowings	12,407,558	12,310,625	4,721,682	4,486,583
Lease liabilities interest	2,877	13,977	2,877	13,977
Net foreign exchange losses on foreign currency borrowings	4,130,615	3,002,720	-	-
Total finance costs	16,541,050	15,327,322	4,724,559	4,500,560
Finance cost for Cashflow	16,538,173	15,313,345	4,721,682	4,486,583

14. Employee costs

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Direct employee costs				
Wages and salaries	1,015,070	698,893	-	-
Pension costs	31,243	70,717	-	-
	1,046,313	769,610	-	-
Indirect employee costs				
Wages and salaries	3,483,406	3,001,937	337,806	293,784
Pension costs	46,875	101,280	15,677	14,325
	3,530,281	3,103,217	353,483	308,109
Total employee costs				
Direct employee costs	1,046,313	769,610	-	-
Indirect employee costs	3,530,281	3,103,217	353,483	308,109
	4,576,594	3,872,827	353,483	308,109

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14. Employee Costs -Continued

Average number of persons employed during the year

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Managerial	46	44	6	6
Senior staff	200	196	8	9
Others	1,145	1,134	5	5
	1,391	1,374	19	20

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

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
N500,000 - N1,000,000	478	478	0	0
N1,000,000 - N2,000,000	112	112	1	1
N2,000,001 - N4,000,000	471	471	2	2
N4,000,001 - N5,000,000	138	138	0	1
N5,000,000 and above	192	175	16	16
	1,391	1,374	19	20

Staff costs for the above persons (excluding Directors):

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Salaries and wages	4,498,476	3,700,830	337,806	293,784
Pension cost	78,118	171,997	15,677	14,325
	4,576,594	3,872,827	353,483	308,109

14.1 Compensation of Managers

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Salaries and short-term employee benefits	899,695	496,856	67,562	58,757
Defined contributions	15,624	28,230	3,135	2,865
	915,319	525,086	70,697	61,622

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

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Less than N10,000,000	24	22	-	-
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Termination/retirement benefits	-	-	-	-

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15. Administrative expenses

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Employee costs (Note 14)	3,530,281	3,103,217	353,483	308,109
Depreciation (Note 20)	2,723,041	2,639,855	14,364	7,359
Depreciation of Right of use Assets (Note 21)	56,759	57,515	56,759	57,515
Amortisation of Computer Software (Note 24)	41,730	24,973	-	-
Auditors remuneration	169,375	134,291	37,800	29,500
Marketing, sales and advertisement	857,470	666,364	13,492	14,077
Bank charges	637,419	876,167	6,697	31,544
Group services and benefits	736,526	417,666	-	-
Professional fees	1,367,740	1,236,971	336,838	221,299
Directors remuneration (Note 43)	636,113	737,235	283,038	283,005
Corporate social responsibility	833,171	509,411	164,500	-
Loss on asset disposal	-	0	-	-
Management fees*	2,021,809	1,219,071	376,250	376,250
Insurance	499,481	437,160	22,694	17,394
Telecommunications and IT expenses	311,368	158,994	-	-
Rents and rates	26,351	24,572	-	1,008
Energy cost	2,378,230	1,700,122	43,917	24,795
Repairs and maintenance	2,040,260	1,030,749	16,515	12,562
License and fees	161,659	172,894	22,791	35,195
Travel, logistics and accommodation	482,588	442,772	91,332	90,410
Bad debt written off	-	861,524	-	-
Medical	441,618	93,671	-	-
Printing and Stationary	70,123	42,242	-	-
Provision for claims**	421,308	-	421,308	-
Other administrative expenses	1,925,092	1,794,523	235,426	180,971
Total administrative expenses	22,747,395	18,704,965	2,498,979	1,692,620

*Management fees are majorly made up of Base Management Fees payable to Hilton International at 1.5% of Revenue,

**Provision for claims represents settlement to Ankor Point based on a court award for terms of an M.O.U in respect to OPL

16. Impairment loss/(gain) on financial assets

	Group		Company	
Trade receivables (Note 29.5)	672,977	182,795	5,160	-
Related party and other receivables (Note 7.1c)	-	-	-	-
Other write-off/(write-back)	-	-	-	-
	672,977	182,795	5,160	-

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17. Income tax

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Current tax expense				
Tertiary education tax charged	979,929	715,259	-	-
Police tax	1,853	-	422	-
Capital gain tax	-	-	-	-
	6,358,083	3,267,403	143,710	75,051
Tax on franked investment income	48,220	-	1,080,058	512,738
Deferred tax:				
Origination and reversing temporary differences (Notes 18.1)	7,030,306	899,699	-	-
Tax expense/(credit) in the statement of profit or loss	13,436,609	4,167,102	1,223,768	587,789

Reconciliation of the tax expense

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Accounting profit before income tax	30,276,333	27,998,554	8,439,745	4,022,153
At Nigeria's statutory income tax rate of 30% (2021: 30%)	9,082,900	8,399,566	2,531,924	1,206,646
Education tax	979,929	715,259	-	-
Police tax	1,853	-	422	-
Capital gain tax	-	-	-	-
Deferred tax	7,030,306	899,699	-	-
Effect of deferred tax not recognised	-	-	1,040,776	426,742
Excess dividend tax	4,727,460	-	143,288	75,051
Tax effect of Loss relief	(7,234,889)	(4,847,525)	-	-
Tax on franked investment income	48,220	-	1,080,058	512,738
Income not subjected to tax	(4,626,509)	(4,167,548)	(3,705,746)	(1,653,803)
Other non-deductible expenses	3,427,339	3,167,651	133,046	20,414
Income tax expense reported in profit or loss	13,436,609	4,167,102	1,223,768	587,789
Effective tax rate	44%	15%	15%	15%

17.1 Current tax payable

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
As of 1 January	3,645,712	1,268,091	288,087	218,525
Income tax expense during the year	6,358,083	3,267,403	143,710	75,051
Payment during the year:	(3,200,195)	(889,782)	(12,043)	(5,489)
As of 31 December	6,803,600	3,645,712	419,754	288,087

18. Deferred tax

Deferred tax relates to the following:

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Deferred tax liability	21,221,898	16,180,719	-	-
Deferred tax asset	(8,259,612)	(10,248,740)	-	-
Total net deferred tax liability	12,962,286	5,931,979	-	-

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18.1 Deferred tax-Continued

Reconciliation of deferred tax asset / (liability)

	Group			
	Statement of financial position		Statement of profit or loss	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Accelerated depreciation for tax purposes	21,221,898	16,180,719	5,041,179	(3,947,229)
Unrealised FX losses	(1,344,232)	(977,666)	(366,566)	(406,137)
Expected credit losses of debt financial assets	(2,195,059)	(2,231,655)	36,596	(316,499)
Losses available for offsetting against future taxable income	(4,720,321)	(7,039,419)	2,319,098	5,569,564
	12,962,286	5,931,979	7,030,307	899,699

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

	N'000	N'000	N'000	N'000
Disclosure in SOFP				
Deferred tax liability	12,962,286	6,724,181	-	-
Deferred tax asset	-	(792,202)	-	-
Total net deferred tax liability	12,962,286	5,931,979	-	-

Deferred tax recognition - Group

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current

tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax recognition - Company

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The Company has not recognised deferred tax assets in respect of deductible temporary differences as it is not probable that taxable profits will be available in future for utilisation. The tax rate applicable to this deductible temporary differences is 30% based on the relevant tax laws. Accordingly, deductible temporary difference and unutilised tax losses for which deferred taxes were not recognised totaled N14.3 billion and N11.9 billion as at 31 December, 2022 and 2021 respectively while deferred tax assets of N4.6 billion and N3.5 billion were not recognised for the year ended 31 December, 2022 and 2021 respectively.

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

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted

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

	Group		Company	
	2022	2021	2022	2021
Profit attributable to ordinary equity holders of the parent for basic earnings (N'000)	7,787,836	13,964,329	7,215,977	3,434,364
Average number of ordinary shares for basic EPS (thousands)	40,647,990	40,647,990	40,647,990	40,647,990
Basic Earnings per share (Kobo)	19	34	18	8
Basic Earnings per share (Kobo)	19	34	18	8

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and

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20. Property, plant and equipment

Reconciliation of property, plant and equipment - Group

	Land	Buildings	Plant and machinery	Computer and office equipments	Motor vehicles	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At 1 January, 2021	37,739,649	52,280,017	70,129,487	18,386,061	848,386	9,156,266	188,539,866
Additions	-	155,794	4,704,440	393,307	119,587	10,135,489	15,508,617
Disposals	-	-	-	-	(105,227)	-	(105,227)
Transfer of cost of assets from TransAfam Power Limited	1,784,600	2,748,017	109,199,600	85,766	8,100	-	113,826,083
At 31 December, 2021	39,524,249	55,183,828	184,033,527	18,865,134	870,846	19,291,755	317,769,339
Additions	1,788,612	258,492	2,147,627	1,417,579	26,892	11,965,075	17,604,276
Reclassification	1,100,000	-	3,971,036	16,457	-	(5,094,594)	(7,101)
Disposals	(4,413)	-	-	(29,455)	(8,025)	-	(41,893)
At 31 December, 2022	42,408,448	55,442,320	190,152,190	20,269,715	889,713	26,162,236	335,324,622
Accumulated depreciation							
At 1 January, 2021	-	4,977,609	22,759,040	5,011,784	653,644	-	33,402,077
Depreciation for the year	-	1,167,993	4,230,263	1,189,694	68,550	-	6,656,500
Disposals	-	-	-	(628)	(105,227)	-	(105,855)
At 31 December, 2021	-	6,145,602	26,989,303	6,200,850	616,967	-	39,952,722
Depreciation for the year	-	1,217,507	4,461,211	1,226,105	61,017	-	6,965,840
Disposals	-	-	-	(29,070)	(7,225)	-	(36,295)
At 31 December, 2022	-	7,363,109	31,450,514	7,397,886	670,759	-	46,882,267
Carrying amount							
At 31 December, 2021	39,524,249	49,038,226	157,044,224	12,664,284	253,879	19,291,755	277,816,617
At 31 December, 2022	42,408,448	48,079,211	158,701,676	12,871,829	218,954	26,162,236	288,442,355

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20. Property, plant and equipment-Continued

Reconciliation of property, plant and equipment - Company

	Buildings	Plant and machinery	Computer and office equipment	Motor vehicles	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
At 1 January, 2021	28,862	8,771	73,712	15,553	-	126,898
Additions	7,504	-	6,843	-	23,558	37,905
At 31 December, 2021	36,366	8,771	80,555	15,553	23,558	164,803
Additions		13,945	18,704	-	6,570	39,219
Reclassification	1,476		16,457		(23,558)	(5,625)
Disposals	-	-	(3,583)	(8,025)	-	(11,608)
At 31 December, 2022	37,842	22,716	112,133	7,528	6,570	186,789
Depreciation						
At 1 January, 2021	28,862	3,766	63,836	10,457	-	106,921
Depreciation for the year	313	769	4,437	1,840	-	7,359
Disposal			(628)			(628)
At 31 December, 2021	29,175	4,535	67,645	12,297	-	113,652
Depreciation for the year	2,055	1,934	8,551	1,824	-	14,364
Disposal	-	-	(3,459)	(7,225)	-	(10,684)
At 31 December, 2022	31,230	6,469	72,737	6,896	-	117,332
Carrying amount						
At 31 December, 2021	7,191	4,236	12,910	3,256	23,558	51,151
At 31 December, 2022	6,612	16,247	39,396	632	6,570	69,457

Impairment and reversal of impairment

No impairment loss nor reversal was recognised in the current year (2021: Nil).

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20. Property, plant and equipment-continued

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Depreciation is allocated as follows:				
Cost of sales	4,242,798	4,016,646	-	-
Administrative expenses	2,723,041	2,639,855	14,364	7,359
	6,965,839	6,656,501	14,364	7,359

As at 31 December, 2022, there is a negative pledge over the Group's property, plant and equipment and floating assets, given in relation to the Group's borrowings. (2021: Nil).

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

21. Right of Use Assets (Group as Lessee)

	Group Buildings N '000	Company Buildings N '000
Cost		
At 1 January 2021	179,005	179,005
Addition	283,146	283,146
At 31 December 2021	462,151	462,151
Addition	-	-
At 31 December 2022	462,151	462,151
Depreciation		
At 1 January 2021	116,112	116,112
Depreciation	57,515	57,515
At 31 December 2021	173,627	173,627
Depreciation	56,759	56,759
At 31 December 2022	230,386	230,386
Carrying amount		
At 31 December 2021	288,524	288,524
At 31 December 2022	231,765	231,765

The Company entered into a lease arrangement for its office. The lease is for a five year period.

22. Investment properties

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
At 1 January	2,194,000	2,047,900	2,194,000	2,047,900
Net gain from fair value remeasurement	1,546,000	146,100	1,546,000	146,100
At 31 December	3,740,000	2,194,000	3,740,000	2,194,000

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22. Investment properties - Continued

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

As at 31 December, 2022, the fair values of the properties are based on valuations performed by Eleh Chukwuemeka Daniel - FRC/2015/NIESV/00000013406 of Ubosi Eleh & Co. Estate Surveyors & Valuers - FRC/2015/NIESV/00000013406, an accredited independent valuer. Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss are recognised in the profit or loss account.

Rental income derived from investment properties during the year amounts to N27 million (2021: N20 million).

Reconciliation of investment property - Group and Company

	Investment property N'000
Cost	
At 1 January, 2021	2,047,900
Fair value remeasurement	146,100
At 31 December, 2021	2,194,000
Fair value remeasurement gain	1,546,000
At 31 December, 2022	3,740,000

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

Valuation technique	Significant unobservable inputs	Range (weighted average)	
		2022	2021
Land - market comparison method (refer below)	Estimated rental value per sqm per meter	35,000	25,000
	Rent growth p.a.	29%	20%
	Average land value per square meter	750,000	450,000

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22. Investment properties - Continued
Sensitivity Analysis

The following tables demonstrate the sensitivity to key variables in the calculation of the Investment Property value.

	2022	2022	2021	2021
	Increase	Decrease	Increase	Decrease
	5%	5%	5%	5%
Rental Value per sqm	36,750	33,250	26,250	23,750
Investment Property Value	3,927,000	3,553,000	2,303,700	2,084,300

	2022	2022	2021	2021
	Increase	Decrease	Increase	Decrease
	5%	5%	5%	5%
Average Land value per sqm	787,500	712,500	472,500	427,500
Investment Property Value	3,927,000	3,553,000	2,303,700	2,084,300

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

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

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

23. Goodwill
Reconciliation of goodwill - Group

	Goodwill
	N'000
Cost	
At 1 January, 2021	30,934,143
Additions on acquisition of a subsidiary	-
At 31 December, 2021	30,934,143
Additions on acquisition of a subsidiary	-
At 31 December, 2022	30,934,143
Accumulated impairment losses	
At 1 January, 2021	-
Impairment losses for the year	-
At 31 December, 2021	-
Impairment losses for the year	-
At 31 December, 2022	-
Carrying amount	
At 31 December, 2021	30,934,143
At 31 December, 2022	30,934,143

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

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Carrying amount of goodwill				
Transcorp Power Limited (TPL)	9,701,190	9,701,190	-	-
Transcorp Hotels Plc (THP)	21,232,953	21,232,953	-	-
Total carrying amount of goodwill	30,934,143	30,934,143	-	-

In assessing goodwill for impairment at 31 December, 2022, the Group compared the recoverable amount of the net assets of the CGU to its respective carrying amounts. Based on the results of the impairment evaluation described below, the recorded goodwill was not impaired as the recoverable amount of the subsidiary exceeded the carrying value.

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

Transcorp Power Limited CGU

The recoverable amount of Transcorp Power Limited CGU, N159,358,900,000 as at 31 December 2022, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projections is 19.5% (2021: 15.5%) and cash flows beyond the five-year period are extrapolated using a 5.5% growth rate (2021: 3.5%) that is the same as the long-term average growth rate for the power industry. It was concluded that the recoverable amount exceeded the carrying amount N88.4bn. As a result of this analysis, no impairment charge has been recognised by management.

Transcorp Hotels Plc CGU

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

Basis of valuation

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

*a willing buyer;

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

*values will remain static throughout the period;

*the property will be freely exposed to the market;

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

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

Method of valuation

As at 31 December 2022, the fair values of the Property, Plant and Equipment (PPE) of Transcorp Hotel Plc has been determined by Mr.Chukwudi Ubosi of Ubosi Eleh &Co with while the fair value of the other assets and liabilities have been determined based on the carrying amounts, which are same as the fair values by Ubosi Eleh & Co. Estate Surveyors & Valuers (FRC/2014/NIES0000003997), an accredited independent valuer, values.

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

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

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

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and average land value per square meter.

The recoverable amount N76,282,996,000 (2021:N74,787,894,000) exceeded the carrying amount N63,991,588,000 (2021:N63,557,940,425).

Based on the results of the impairment evaluation described above, the recorded goodwill was not impaired as the recoverable amount of the subsidiary exceeded the carrying value. No impairment charge has been recognised by Management.

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

Analysis of values

The fair value has been determined as follows:

Market value

	Transcorp Hotels Plc	
	2022	2021
	N'000	N'000
Land and buildings	139,337,765	134,306,000
Items of plant and machinery	10,664,077	10,596,626
Items of office/computer equipment	680,207	636,564
Motor vehicles	184,585	151,940
Items of furniture and fittings	1,723,007	1,542,571
Intangible Assets	158,857	158,605
Other Receivables	300,075	-
Current Assets	10,082,350	9,643,920
Total market value	163,130,923	157,036,226
Fair value of liabilities	(57,697,767)	(53,669,501)
Net Fair Value	105,433,156	103,366,725
% Holding by TNC in THP – 76.16% (2021:76.16%)	80,297,891	78,724,098
Less: Costs of disposal at 5%	(4,014,895)	(3,936,205)
Fair value of net assets less cost of disposal	76,282,996	74,787,893
Recoverable amount attributable to TNC	76,282,996	74,787,893

Carrying Value:

Net asset as at 31 December	62,789,615	62,220,227
Goodwill as at 31 December	21,232,953	21,232,953
	84,022,568	83,453,180
% Holding by TNC in THP – 76.16% (2021:76.16%)	63,991,588	63,557,942

The Board has estimated the costs of disposal to be 5% (2021:5%) of the fair value of the assets of the subsidiary.

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

Transcorp Hotels Plc

	2022	2022	2021	2021
	N'000	N'000	N'000	N'000
	Increase	Decrease	Increase	Decrease
Net Fair Value of Assets	80,297,891	80,297,891	78,724,098	78,724,098
Cost of Disposal	(5,620,852)	(2,408,937)	(5,510,687)	(2,361,723)
Recoverable Amount	74,677,039	77,888,954	73,213,411	76,362,375

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24. Intangible assets

Intangible assets - Group

	Computer software	Licence Cost	Exploration & evaluation expenditure	Total
	N'000	N'000	N'000	N'000
Cost				
At 1 January, 2021	326,493	5,075,818	5,031,292	10,433,603
Additions	68,748	-	-	68,748
At 31 December, 2021	395,241	5,075,818	5,031,292	10,502,351
Additions	32,653	58,912	68,636	160,201
At 31 December, 2022	427,894	5,134,730	5,099,928	10,662,552
Amortisation and impairment				
At 1 January, 2021	(211,663)	-	-	(211,663)
Amortisation	(24,973)	-	-	(24,973)
At 31 December, 2021	(236,636)	-	-	(236,636)
Amortisation	(32,402)	(9,328)	-	(41,730)
At 31 December, 2022	(269,038)	(9,328)	-	(278,366)
Carrying amount				
At 31 December, 2021	158,605	5,075,818	5,031,292	10,265,715
At 31 December, 2022	158,856	5,125,402	5,099,928	10,384,186

Intangible assets - Company

	Computer software	Oil prospecting license (OPL)	Total
	N'000	N'000	N'000
Cost			
At 1 January, 2021	12,966	5,075,818	5,088,784
Additions	-	-	-
At 31 December, 2021	12,966	5,075,818	5,088,784
Additions	-	-	-
At 31 December, 2022	12,966	5,075,818	5,088,784
Amortisation			
At 1 January, 2021	(12,966)	-	(12,966)
Amortisation	-	-	-
At 31 December, 2021	(12,966)	-	(12,966)
Amortisation	-	-	-
At 31 December, 2022	(12,966)	-	(12,966)
Carrying amount			
At 31 December, 2021	-	5,075,818	5,075,818
At 31 December, 2022	-	5,075,818	5,075,818

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Other information

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

Transcorp is currently in the process of agreeing the minimum work obligation for the asset, which will lead to an extension of the licence for another two years.

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

25. Investment in financial assets

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Equity investments at fair value through other comprehensive income				
Investments, excluding debt instruments, held by the Group which measured at fair value through other comprehensive income are as follows:				
At 1 January	3,887,961	4,175,603	3,887,961	4,175,603
Movement in other comprehensive income for current period	(215,656)	(287,642)	(215,656)	(287,642)
	3,672,305	3,887,961	3,672,305	3,887,961
Financial assets held to maturity- debt instrument				
Opening balance	1,523,063	-	-	-
Addition	-	1,500,000	-	-
Interest earned on debt instrument	83,207	23,063	-	-
	1,606,270	1,523,063	-	-
Total investment in financial assets	5,278,575	5,411,024	3,672,305	3,887,961
Split between non-current and current portions				
Non-current assets	5,278,575	5,411,024	3,672,305	3,887,961

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25. Investment in financial assets - Continued

Investments held at reporting date - Group

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive income	
	Fair value 2022 N'000	Fair value 2021 N'000	Fair value 2022 N'000	Fair value 2021 N'000
At 1 January	3,887,961	4,175,603	-	-
Additions	-	-	-	-
Fair value gain/(loss) on investment in equity instruments	(215,656)	(287,642)	(215,656)	(287,642)
Dividend received on equity instrument	-	-	482,532	238,853
Interest earned on debt instrument	-	-	83,207	23,063
Statement of Financial Position	3,672,305	3,887,961		
Statement of Profit or Loss and Other Comprehensive income			350,083	(25,726)

Investments held at reporting date - Company

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive income	
	Fair value 2022 N'000	Fair value 2021 N'000	Fair value 2022 N'000	Fair value 2021 N'000
Opening balance	3,887,961	4,175,603	-	-
Fair value gain/(loss) on investment in equity instruments	(215,656)	(287,642)	(215,656)	(287,642)
Dividend received on equity instrument	-	-	482,532	238,853
Statement of Financial Position	3,672,305	3,887,961		
Statement of Profit or Loss and Other Comprehensive income			266,876	(48,789)

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

26. Borrowings

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Held at amortised cost				
Term loan	85,717,799	78,917,052	35,731,166	35,816,212
Bonds	1,924,980	823,078	-	-
Bank overdraft	3,898,110	3,466,802	1,877,383	1,685,577
\$215 million acquisition loan	13,104,504	22,878,812	-	-
	104,645,393	106,085,744	37,608,549	37,501,789

TRANSNATIONAL CORPORATION OF NIGERIA PLC
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26. Borrowings - Continued

Financial liabilities: Interest-bearing loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
N17 billion consolidated term loan	19,228,800	19,420,606	19,228,800	19,420,606
Other term loans	16,502,366	16,401,208	16,502,366	16,395,606
Short term loan	-	-	-	-
N2 billion bank loan	-	-	-	-
N10 billion 7- Year bond	1,924,980	823,078	-	-
N12.7 billion loan	11,666,034	11,666,034	-	-
N10 billion loan	9,230,171	9,230,171	-	-
N5 billion loan	-	-	-	-
\$5 million loan	-	-	-	-
N300 million loan	-	-	-	-
\$1 million loan	-	-	-	-
\$2 million loan	-	-	-	-
Bank Overdraft	3,898,110	3,466,802	1,877,383	1,685,577
N1 billion loan	-	-	-	-
Term loan	24,087,412	24,087,412	-	-
N200 million loan	201,382	201,382	-	-
\$215 million acquisition loan	17,906,138	20,789,051	-	-
Total interest-bearing loans and borrowings	104,645,393	106,085,744	37,608,549	37,501,789
Total current interest-bearing loans and borrowings	46,606,260	55,387,033	25,649,776	23,842,510
Total non-current interest-bearing loans and borrowings	58,039,133	50,698,711	11,958,773	13,659,279

Total interests-bearing loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
As at 1 January	102,618,942	119,119,983	35,816,212	40,760,508
Additions	33,106,606	34,209,847	-	-
Effective interest	12,407,558	12,310,625	4,721,682	4,486,583
Principal repayments	(42,669,115)	(49,346,197)	(1,864,056)	(5,101,688)
Interest repayments	(8,847,322)	(16,678,036)	(2,942,672)	(4,329,191)
Exchange Loss	4,130,615	3,002,720	-	-
	100,747,284	102,618,942	35,731,166	35,816,212
Overdraft (Note 31)	3,898,110	3,466,802	1,877,383	1,685,577
	104,645,394	106,085,744	37,608,549	37,501,789

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26. Borrowings - Continued

Qualitative description of interest bearing loans and borrowing

Term loan

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

Bank overdrafts

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

Short-term loan

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

N10 billion 7-year bond

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

N12.75 billion 5-year bond

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

N10 billion loan

N10 billion term loan with a tenor of 10 years and 24 months moratorium and at interest rate of 10%. The loan is secured by a guarantee from Transnational Corporation of Nigeria Plc, the parent of the Company.

\$1 million term loan with 365 days tenor and interest rate of 10%.

N1 billion term loan with 365 days tenor and interest rate of 12.25%.

\$215 million acquisition loan obtained by the Company for the purpose of acquiring 100% interest in Ughelli Power Plc. The balance loan was due for repayment December 2021. However, the balance of the loan was restructured during the year to 2023 with a floating interest rate of 90 days. LIBOR + 6.5%

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

N200 million loan

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

Fair values

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

Group

Financial liabilities

	Carrying amount		Amortised Cost	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	104,645,394	106,085,744	106,637,472	108,542,281

TRANSNATIONAL CORPORATION PLC
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26. Borrowings - Continued

Company
Financial liabilities

	Carrying amount		Amortised Cost	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	37,608,549	37,501,789	37,608,549	37,501,789

The management assessed that the fair values of cash and bank balances, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the Group's interest-bearing borrowings and loans are determined by using the DCF method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

27. Deposit for investment

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
As at 1 January	-	27,453,129	-	-
Elimination upon Business acquisition	-	(27,453,129)	-	-
	-	-	-	-

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

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28. Inventories

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Finished goods	-	-	-	-
Engineering spares	5,042,667	4,185,754	-	-
Guest supplies	169,110	193,440	-	-
Fuel	207,346	84,486	-	-
	5,419,123	4,463,680	-	-

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

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to N52.3 billion (2021: N43.1 billion).

29. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Receivables from third-party customers and other receivables	82,641,126	67,981,453	1,431,472	1,134,253
Due from related companies	-	-	35,799,178	34,111,845
	82,641,126	67,981,453	37,230,650	35,246,098

29.1 Receivables from third-party customers and other receivables

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Trade receivables	88,359,575	70,226,191	-	-
Other receivables	1,293,880	4,724,712	1,998,558	1,701,339
Allowances for expected credit losses	(7,012,329)	(6,969,450)	(567,086)	(567,086)
	82,641,126	67,981,453	1,431,472	1,134,253

29.2 Due from related companies

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Due from related companies and other receivables (Note 43)	-	-	36,896,511	36,961,075
Allowances for expected credit losses on due from related parties	-	-	(1,097,333)	(2,849,230)
	-	-	35,799,178	34,111,845

29.3 Other receivables

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
WHT Receivable	552,494	255,764	271,956	255,764
Unclaimed Dividend Receivable	351,668	381,205	351,668	381,205
Staff Advance	352,901	352,901	352,901	352,901
Other receivables	36,817	3,734,842	1,022,032	711,469
	1,293,880	4,724,712	1,998,558	1,701,339

29.4 Total net trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Total trade and other receivables	89,653,456	74,950,903	38,895,069	38,662,414
Total allowance on expected credit loss on trade and other receivables	(7,012,329)	(6,969,450)	(1,664,419)	(3,416,316)
	82,641,127	67,981,453	37,230,650	35,246,098

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29. Trade and other receivables - Continued

29.5 Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7.

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

Group	2022	2022	2021	2021
	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:	N'000	N'000	N'000	N'000
Less than 30 days past due: 4.0% (2021: 0.8%)	6,835,465	136,584	5,915,556	134,247
30 - 60 days: 3.1% (2021: 1.4%)	8,324,560	184,355	6,573,909	179,691
61 - 90 days: 6.7% (2021: 2.6%)	3,204,560	235,455	4,973,118	274,520
More than 90 days: 2.6% (2021: 5.8%)	69,994,990	6,455,935	52,763,608	6,380,992
Total	88,359,575	7,012,329	70,226,191	6,969,450

Company	2022	2022	2021	2021
	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:	N'000	N'000	N'000	N'000
Less than 30 days past due: 23% (2021: 28%)	298,715	68,312	245,875	68,312
30 - 60 days: 21% (2021: 26%)	374,566	79,883	312,985	79,883
61 - 90 days: 20% (2021: 23%)	562,345	112,098	497,812	112,098
More than 90 days: 40% (2021: 48%)	762,932	306,793	644,667	306,793
	1,998,558	567,086	1,701,339	567,086

29.6 Reconciliation of loss allowances

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

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Opening balance in accordance with IFRS 9				
As at 1 January	6,969,450	6,786,655	3,416,316	3,416,316
Provision for expected credit losses	672,977	182,795	5,160	-
Write-off	(630,098)	-	(1,757,057)	-
Closing balance	7,012,329	6,969,450	1,664,419	3,416,316

30. Prepayments and other assets

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Maintenance contracts	231,123	317,258	-	-
Insurance and permits	284,041	97,251	-	-
Prepaid loan management fees (BOI Loans)	432,768	470,682	-	-
Service charge advance	-	394,626	-	-
Deposits and Advances	3,045,450	-	-	-
Other prepaid expenses	459,571	341,194	47,938	72,324
	4,452,953	1,621,011	47,938	72,324
Current	4,431,381	1,582,608	26,366	33,921
Non-current	21,572	38,403	21,572	38,403
	4,452,953	1,621,011	47,938	72,324

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31. Cash and cash balances

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Cash on hand	45,610	31,555	18,550	19,362
Cash at bank	6,929,040	10,982,613	200,961	35,068
Short-term deposits	2,403,596	3,217,480	521,396	438,825
	9,378,246	14,231,648	740,907	493,255

There is no restricted cash in line with IAS 7.

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

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Cash on hand and at bank	6,974,650	11,014,168	219,511	54,430
Short-term deposits	2,403,596	3,217,480	521,396	438,825
	9,378,246	14,231,648	740,907	493,255
Bank overdraft (Note 26)	(3,898,110)	(3,466,802)	(1,877,383)	(1,685,577)
	5,480,136	10,764,846	(1,136,476)	(1,192,322)

32. Issued capital and reserves

32.1 Share capital

Ordinary shares authorised

40,647,990,293 ordinary shares of 50 kobo each

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
	20,323,996	22,500,000	20,323,996	22,500,000

Ordinary shares issued and fully paid

40,647,990,293 ordinary shares of 50 kobo each

	20,323,996	20,323,996	20,323,996	20,323,996
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*In line with Section 124 of CAMA which requires companies with unissued shares in their capital structure to fully issue such unissued shares not later than 31 December 2022, the Shareholders elected the option of the cancellation of Transnational Corporation Plc's 4,352,009,707 unissued shares.

32.2 Share premium

Premium arising on issue of equity shares

	6,249,871	6,249,871	6,249,871	6,249,871
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33. TransAfam Acquisition and Consolidation Adjustments

33.1 Retained Earnings Adjustment-TransAfam Power Limited

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

33.2 Bargain Purchase on Consolidation of Afam

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

AFAM -Bargain Purchase Analysis

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

33.3 Transfer of other reserve- TransAfam Power Limited (SOCE)

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

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34. Deferred income

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
At 1 January	2,456,537	1,305,535	-	-
Received during the year	0	1,424,170	-	-
Released to the statement of profit or loss	(464,459)	(273,168)	-	-
	1,992,078	2,456,537	-	-
Current	447,756	450,659	-	-
Non-current	1,544,322	2,005,878	-	-
	1,992,078	2,456,537	-	-

Transcorp Hotel Plc obtained a loan from Bank of Industry (BOI) to procure equipment to upgrade the hotel rooms, kitchen, public area and equip a new multi-purpose banqueting conference centre. The interest rate on the loan 10% was below the market loan rate. The fair value and the deferred income on the loan was recognized initially on the loan drawn-down date. The deferred income was subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the loan as at the reporting date. The opening deferred income was N2.46 billion and N464 million was credited to other operating income in the statement of profit or loss for the year ended 31 December 2022.

35. Contract liabilities

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Summary of contract liabilities				
Short-term advances for hospitality services (Note 35.1)	105,464	40,990	-	-
Key money from Hilton (Note 35.2)	2,292,375	2,445,200	-	-
	2,397,839	2,486,190	-	-
Reconciliation of contract liabilities				
As at 1 January	2,486,190	2,616,153	-	-
Deferred during the year	-	0	-	-
Recognised as revenue during the year	(88,351)	(129,963)	-	-
	2,397,839	2,486,190	-	-
Split between non-current and current portions				
Non-current liabilities	2,139,555	2,333,370	-	-
Current liabilities	258,284	152,820	-	-
	2,397,839	2,486,190	-	-

TRANSNATIONAL CORPORATION PLC
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35. Contract liabilities - Continued

35.1 Short-term advances for hospitality services

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

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Reconciliation of short-term advances				
At 1 January	40,990	18,128		
Deferred during the year	105,464	40,990		
Recognised as other operating income during the year	(40,990)	(18,128)		
At 31 December	105,464	40,990	-	-
Current	105,464	40,990	-	-

35.2 Key money from Hilton

In 2017, the managers of Transcorp Hilton Hotel Abuja, Hilton Worldwide Manage Limited contributed \$10million towards the refurbishment of the hotel. The contribution is referred to as Key money. It does not attract any interest, and it is not repayable by the Company unless the contract is terminated before the end of the contract period. The Key money from Hilton International LLC will be notionally amortised over the contract period on a straight-line basis to other income. The outstanding balance of N2.29bn relates to the unamortised portion of the key money as at 31 December 2022.

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Reconciliation of Key money from Hilton				
At 1 January	2,445,200	2,598,025	-	-
Received during the period	-	-	-	-
Recognised as revenue during the year	(152,825)	(152,825)	-	-
At 31 December	2,292,375	2,445,200	-	-

36. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Financial instruments:				
Trade payables	111,745,004	113,603,721	-	-
Due to related companies and other payables (Note 43)	2,303,998	1,751,336	7,714,200	8,264,883
Accrued liabilities	9,702,330	5,465,343	823,850	209,323
Unclaimed dividend	1,325,828	1,205,545	1,178,811	1,058,528
Dividend payable (Note 36.1)	7,656,988	4,542,263	-	-
	132,734,148	126,568,208	9,716,861	9,532,734
Non-financial instruments:				
Advanced deposits	165,501	174,192	-	-
VAT and WHT	3,619,903	61,681	209,975	322,721
Afam payables (Note 36.3)	8,273,168	8,273,168	-	-
Other payables	1,205,556	-	31,416	58,026
	13,264,128	8,509,041	241,391	380,747
Total Trade and other payables	145,998,276	135,077,249	9,958,252	9,913,481

36.1 Dividend payable

As at 1 January	4,542,263	2,582,674	-	-
Appropriation during the year	8,142,612	5,352,544	812,960	406,480
Dividend paid	(5,027,887)	(3,392,955)	(812,960)	(406,480)
	7,656,989	4,542,263	-	-

Dividend of 5 kobo per ordinary share was declared in 2022 (2021: 2 kobo). The dividend declared was approved during the Company's AGM and will be paid in April 2023.

For Transcorp Power Limited, cash dividend of N214.00 was declared in 2022 (2021: N126.02) while Transcorp Hotel Plc declared 13kobo in 2022 (2021: 7kobo).

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36. Trade and other payables - Continued

- 36.2 Trade payables are non-interest bearing and are normally settled on 60-day terms.
36.3 Afam payables represents deposit for investment in TransAfam yet to be allotted.

37. Lease liabilities

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
At 1 January	297,123	-	297,123	-
Additions	-	283,146	-	283,146
Interest for the year	2,877	13,977	2,877	13,977
Payment	(300,000)	-	(300,000)	-
	-	297,123	-	297,123

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

The lease include extension options that are exercisable by the Company up to one (1) year before the end of the non-cancellable contract period. The extension options can be exercisable by the Company. The Company assesses at the commencement date of lease whether or not it is reasonably certain to exercise these options. If there is a significant event or changes in circumstances within its control, the Company reassesses whether it is reasonably certain to exercise the options.

38. Deposit for shares

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Deposit for shares-THIL (Note 38.1)	2,410,000	2,410,000	-	-
Deposit for shares-TAPL (Note 38.2)	10,525,000	10,525,000	-	-
	12,935,000	12,935,000		

Deposit for shares-THIL Note 38.1

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

Deposit for shares-TAPL Note 38.2

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

39 Defined Benefit Plan - Other employee benefit

Transcorp Hotels Plc provides a long-service award benefit to employees who are in active employment for a determined lengths of service. The benefit is defined for different lengths of service in 8 bands of 5 years from 5 to 40 years with benefits escalating with the length of service. The plan is funded from the company's operations for each year that there are qualifying staff members.

The benefit typically exposes the Company to actuarial risks such as: foreign exchange risk, interest rate risk, longevity risk and attrition risk. The risk relating to benefits to be paid to the qualifying staff members is borne by the company and factored into the computation of the defined benefit obligation.

The most recent actuarial valuations of the present value of the defined benefit liability were carried out at 31 December 2022 by Mr. Femi Odutola Odulana FRC/2013/NAS00000001320, Fellow of the Conference of Consulting Actuaries (FCA) of GIANT CONSULTANTS LIMITED.

The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

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39 Defined Benefit Plan - Other employee benefit

Key assumptions used:

Financial Assumptions

Discount Rate

In line with IAS 19, future benefits cash flow should be projected for each employee and discounted to their net present value as at the current balance sheet date, using an interest assumption (called the discount rate under IAS 19).

IAS 19 requires an entity to determine the rate to be used for discounting long-term employees' benefits with reference to market yields on high-quality corporate bonds. However, when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds instead.

There is no deep market in corporate bonds in Nigeria and we have determined the rate used for the current valuation by reference to the yield available on Nigerian Federal Government Bonds.

As at 31st December 2022, yields per annum on long-term Government bond ranges between 13.35% and 14.50%. For the purpose of the current valuation, considering the plan's liability duration, we have adopted a discount rate of 13.0% p.a for the financial year 2022.

'- Benefit escalation rate

The naira benefit escalation rate used for the actuarial valuation is 7.5% based on the historical escalation rate from the past three service contract amendments.

The dollar benefit escalation rate is based on official exchange rate projections of N100 increase every five years. For instance, 2023 - 2027 has an assumed official \$/NGN exchange rate of 500, 2028 - 2032 is 600. The source of this data is the Central Bank of Nigeria's published projections.

Demographic Assumptions

'- Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample Age	Number of deaths in a year out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

'- Withdrawal from Service

We have assumed a withdrawal rate for the current valuation at a rate starting from 5% for all ages up to age 30 years and decreasing to 1% at age 50 years then nil thereafter.

Age Band (years)	Withdrawal Rate (%)
Up to 30	5
31 -35	4
36 - 40	3
41 -50	1
51 and over	Nil

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Current Service cost	194,713			
Interest expense	-			
Components of defined benefit costs recognised in profit or loss	194,713	-	-	-

Of the expense (service cost) for the year, N79.8 million (2021: Nil) has been included in profit or loss as cost of sales and N114.9 million (2021: Nil) has been included in administrative expenses. The net interest expense has been included as this is an initial recognition of the liability. The remeasurement of the net defined benefit liability is included in other comprehensive income.

Amounts recognised in other comprehensive income are as follows:

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Actuarial loss on remeasurement of defined benefit liability	-	-	-	-
Remeasurement of the net defined benefit liability	-	-	-	-

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39 Defined Benefit Plan - Other employee benefit

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit plans is as follows:

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Present value of defined benefit obligations	194,713	-	-	-
Fair value of plan assets	-	-	-	-
Funded status	194,713	-	-	-
Restrictions on asset recognised	-	-	-	-
Net liability arising from defined benefit obligation	194,713	-	-	-
Split between non-current and current portions				
Current liabilities	33,008	-	-	-
Non-current liabilities	161,705	-	-	-
	194,713	-	-	-

The current liabilities is the portion of the liabilities that is due in the next 12 months.

Movements in the present value of defined benefit obligations in the year were as follows:

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Opening defined benefit obligation	-	-	-	-
Service cost	194,713	-	-	-
Closing defined benefit obligation	194,713	-	-	-

Significant actuarial assumptions for the determination of the defined benefit liability are discount rate, expected escalation rate of the defined benefit, length of stay and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

All amounts are in thousands of naira

	Decrease	Base	Increase
Effect of 1% increase or decrease in Discount rate	206,796,882	194,713,423	183,796,009
Effect of 10% increase or decrease in Exchange rate	182,619,084	194,713,423	206,807,762
Effect of 10% increase or decrease in Withdrawal rate	196,493,922	194,713,423	192,969,745
Effect of 10% increase or decrease in Mortality rate	194,983,979	194,713,423	194,443,408

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years

40. Other Investments

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Other Investments	1,800,450	-	400,100	-

During the year, companies within the Transcorp Group invested in a special purpose vehicle (SPV) to enable them have a stake in an electricity distribution company. Companies within the Group have deposited N1.8bn for shares in the company but the shares have not been allotted as at December 31, 2022. The process of shares registration has commenced with CAC but had not been completed at year end.

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41 Non-Controlling Interest

	Group	
	2022	2021
Balance brought forward	45,664,289	38,249,016
From Profit and loss account	9,051,888	9,867,123
Dividend (Note 36.1)	(8,896,735)	(4,946,064)
Right Issue in TPL	1,567,083	-
**Adjustment for disposal of shares (Note 6.2)	-	2,494,214
	47,386,525	45,664,289

41.1 Cash flow adjustment on Afam Purchase

Adjustment for PPE acquired from Trans Afam	(113,826,083)
Other reserve from TransAfam Power Limited (Note 33.3)	24,757,597
Retained earnings from TransAfam Power Limited (Note 33.1)	5,424,033
	(83,644,453)

42 Commitments and contingencies

Commitments

The Directors have disclosed that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into consideration in the preparation of these financial statements. As at December 31 2022, the Group had no commitments (2021:Nil).

Contingent Liability

The Group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that the likelihood of the claims being against the Group is low and no provision required.

43 Related party disclosures

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

Related party balances

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Amount owed to related parties				
Transcorp Power Limited	-	-	7,714,200	8,264,883
Heirs Oil and Gas and related companies	2,303,998	1,751,336	-	-
	2,303,998	1,751,336	7,714,200	8,264,883
Amount owed by related parties				
Afam Power Plc	-	-	2,610,742	1,863,537
Teragro Commodities Limited	-	-	-	1,751,457
Transcorp OPL 281 Limited	-	-	10,976,222	9,673,657
Transcorp Hotels Plc	-	-	4,686,061	5,058,564
Transcorp Hotels Calabar Limited	-	-	44,999	35,373
TransAfam Power Ltd	-	-	18,385,000	18,385,000
Transcorp Energy Limited	-	-	193,487	193,487
	-	-	36,896,511	36,961,075

Terms and conditions of transactions with related parties

All transactions are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs regularly. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Company recognised N1.1bn (2021:N2.8bn) as provision for expected credit losses relating to amounts owed by related parties.

Group

During the year, Heirs Oil and Gas (HHOG) supplied gas to Afam Power Plc amounting to N1.08 billion (2021: N826 million), this is part of the Gas cost in the Cost of sales for the year. Other services rendered by HHOG related companies to Transnational Group amounting to N2.2 billion (2021: N2.8 billion) during the year; these are included in administrative expenses.

TRANSNATIONAL CORPORATION PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2022.

43 Related party disclosures - Continued

Company

Related party borrowings

Included in the amount due from OPL 281 Limited is N7.4b loan at 13%.

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

The loan with TAPL is N250m loan at 13%.

Other terms

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

43.1 Related party balances

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Compensation to directors				
Salaries and other short-term employee benefits	619,683	685,765	273,919	261,610
Defined contributions	5,680	17,670	2,134	6,195
Fees and allowances	10,750	33,800	6,985	15,200
	636,113	737,235	283,038	283,005
Amount paid to the highest paid director (excluding pension contributions)	90,000	90,000	90,000	90,000
Chairman's emoluments				
Fees	1,200	1,200	1,200	1,200
Benefits in kind	64,878	64,878	64,878	64,878
	66,078	66,078	66,078	66,078

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

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Less than N10,000,000	23	17	-	-
Over N10,000,000	12	11	9	9
	35	28	9	9

44 Profit for the year from continuing operations after charging:

	Group		Company	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
Profit before tax	30,276,333	27,998,554	8,439,745	4,022,153
Depreciation and Amortization expenses	7,007,569	6,681,474	14,364	7,359
Depreciation of Right-of-use assets	56,759	57,515	56,759	57,515
Employee benefit expenses	4,576,594	3,872,827	353,483	308,109
Auditor's remuneration	169,375	134,291	37,800	29,500
Finance expense	16,541,050	15,327,322	4,724,559	4,500,560
Finance income	(117,330)	(283,926)	(968,491)	(1,081,922)
Investment income	(482,532)	(238,853)	(482,532)	(238,853)
Impairment Loss	672,977	182,795	5,160	-
Gain/(loss) on disposal of property, plant and equipment	(462)	25,798	2,688	339

45 Securities Trading Policy

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

46 Subsequent Events

Subsequent to the end of the financial year, The Board of Directors of Transcorp Hotels Plc approved the disposal of Transcorp Hotel Calabar, a subsidiary of Transcorp Hotel Plc. This special business item will be presented at the Transcorp Hotel Plc's annual general meeting scheduled to hold on the 3rd of April 2023 for shareholder approval.

TRANSNATIONAL CORPORATION PLC
CONSOLIDATED AND SEPARATE STATEMENT OF VALUE ADDED
For the Year Ended 31 December 2022.
OTHER NATIONAL DISCLOSURES

	2022 N'000	Group %	2021 N'000	%	2022 N'000	Company %	2021 N'000	%
Revenue	134,721,185		111,219,336		10,318,046		5,127,383	
Other operating income	3,699,629		2,644,042		4,381,906		4,006,028	
	138,420,814		113,863,378		14,699,952		9,133,411	
Bought in materials and services								
Foreign	(55,973,756)		(41,947,980)		(777,730)		(166,400)	
Local	(23,988,753)		(17,977,706)		(333,312)		(71,314)	
Total Value added	58,458,305	100	53,937,692	100	13,588,910	100	8,895,697	100
Applied as follows:								
To pay Employees								
Salaries and other benefits	4,576,594	8	3,872,827	7	353,483	3	308,109	3
To pay Providers of Capital								
Finance costs	16,541,050	28	15,327,322	28	4,724,559	36	4,500,560	51
To pay to Government								
Income tax	6,406,303	11	3,267,403	6	1,223,768	8	587,789	7
To be retained in the business								
Depreciation of property, plant and equipment	6,965,839	12	6,656,501	12	14,364	-	7,359	-
Depreciation of right-of-use assets	56,759	-	57,515	-	56,759	-	57,515	1
Amortisation of intangible assets	41,730	-	24,973	-	-	-	-	-
Deferred tax	7,030,306	12	899,699	2	-	-	-	-
	14,094,634	24	7,638,688	14	71,123	1	64,874	1
Value retained								
Retained profit	7,787,836	13	13,964,329		7,215,977		3,434,364	
Non Controlling interest	9,051,888	16	9,867,123		-		-	
	16,839,724	29	23,831,452	44	7,215,977	52	3,434,364	39
	58,458,305	100	53,937,692	100	13,588,910	100	8,895,697	100

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

TRANSNATIONAL CORPORATION PLC
CONSOLIDATED AND SEPARATE FIVE YEAR FINANCIAL SUMMARY
For the Year Ended 31 December 2022.
OTHER NATIONAL DISCLOSURES

GROUP

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Assets					
Non-current assets	340,833,046	327,740,628	231,386,794	205,465,248	204,543,332
Current assets	101,869,876	88,259,389	87,824,258	88,683,047	92,596,463
Total assets	442,702,922	416,000,017	319,211,052	294,148,295	297,139,795
Equity					
Issued capital	20,323,996	20,323,996	20,323,996	20,323,996	20,323,996
Share premium	6,249,871	6,249,871	6,249,871	6,249,871	6,249,871
Other reserves	26,236,330	26,451,986	1,982,031	1,257,398	1,522,942
Retained earnings	54,577,014	47,602,138	28,620,256	29,536,057	38,869,734
Equity attributable to equity holders of the parent	107,387,211	100,627,991	57,176,154	57,367,322	66,966,543
Non-controlling interests	47,386,526	45,664,290	38,249,016	32,386,857	37,573,202
Total equity	154,773,737	146,292,281	95,425,170	89,754,179	104,539,745
Liabilities					
Non-current liabilities	87,782,001	74,697,140	125,984,032	106,225,396	66,761,186
Current liabilities	200,147,184	195,010,596	97,801,850	98,168,720	125,838,864
Total liabilities	287,929,185	269,707,736	223,785,882	204,394,116	192,600,050
Total equity and liabilities	442,702,922	416,000,017	319,211,052	294,148,295	297,139,795

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

Revenue	134,721,185	111,219,336	75,270,921	76,345,549	104,162,785
Profit before taxation	30,276,333	27,998,554	1,608,591	7,897,624	22,402,087
Taxation	(13,436,609)	(4,167,102)	2,183,517	(4,192,560)	(1,775,420)
Profit after taxation	16,839,724	23,831,452	3,792,108	3,705,064	20,626,667

Earnings per share (kobo)	19	34	-	4	23
Net Assets per share (kobo)	264	248	141	141	165
Dividend per share (kobo)	5	2	1	1	1

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

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

TRANSNATIONAL CORPORATION PLC
CONSOLIDATED AND SEPARATE FIVE YEAR FINANCIAL SUMMARY
For the Year Ended 31 December 2022.
OTHER NATIONAL DISCLOSURES

COMPANY

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Assets					
Non-current assets	57,880,405	53,931,620	72,586,782	44,794,683	38,330,899
Current assets	37,997,923	35,773,274	17,958,157	15,436,092	27,294,875
Total assets	95,878,328	89,704,894	90,544,939	60,230,775	65,625,774
Equity					
Issued capital	20,323,996	20,323,996	20,323,996	20,323,996	20,323,996
Share premium	6,249,871	6,249,871	6,249,871	6,249,871	6,249,871
Other reserves	1,590,413	1,806,069	2,093,711	1,369,078	1,634,622
Retained earnings	19,727,493	13,324,478	10,296,595	8,314,716	8,799,221
Total equity	47,891,773	41,704,414	38,964,173	36,257,661	37,007,710
Liabilities					
Non-current liabilities	11,958,773	13,659,279	34,072,429	18,542,201	13,242,511
Current liabilities	36,027,782	34,341,201	17,508,337	5,430,913	15,375,553
Total liabilities	47,986,555	48,000,480	51,580,766	23,973,114	28,618,064
Total equity and liabilities	95,878,328	89,704,894	90,544,939	60,230,775	65,625,774

STATEMENT OF PROFIT OR LOSS

Revenue	10,318,046	5,127,383	2,725,533	3,173,773	8,899,967
Profit before taxation	8,439,745	4,022,153	2,666,403	1,241,401	5,705,517
Taxation	(1,223,768)	(587,789)	(278,043)	(506,467)	(1,094,518)
Profit after taxation	7,215,977	3,434,364	2,388,360	734,934	4,610,999
Earnings per share (kobo)	17.75	8.45	5.88	1.81	11.34
Net Assets per share (kobo)	117.82	102.60	95.86	89.20	91.04
Dividend per share (kobo)	5	2	1	1	1

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

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