



**TRANSCORP HOTELS PLC
UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

**TRANSCORP HOTELS PLC.
UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

CORPORATE INFORMATION

Country of incorporation and domicile	Nigeria	
Directors:	Mr. Emmanuel Nnorom Mrs. Dupe Olusola Mrs. Owen Omogiafo Mr. Peter Elumelu Mr. Alex Okoh Mr. Alexander Adeyemi Mrs. Helen Iwuchukwu Mr. Udechukwu Obi Osakwe Ms. Bolanle Onagorowa	Chairman Managing Director/Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director (Resigned July 2023) Non-Executive Director (Resigned 9 January 2023) Non-Executive Director (Resigned July 2023) Non-Executive Director (Appointed 16 February 2023) Independent Non-Executive Director
Group Company Secretary:	Mr. Stanley Chikwendu	
Registered office:	1 Aguiyi Ironsi Street, Maitama Federal Capital Territory Abuja, Nigeria.	
Holding Company:	Transnational Corporation Plc.	
Registration number:	RC 248514	
Registrars:	Africa Prudential Plc 220B Ikorodu Road Palmgrove, Lagos.	
Principal banker:	United Bank for Africa Plc UBA House 57 Marina, Lagos Nigeria.	
Auditors:	Deloitte & Touche Chartered Accountants Civic Towers, Plot GA 1 Ozumba Mbadiwe Avenue Victoria Island, Lagos Nigeria.	
Investors Relations Manager:	Mrs. Oluwatobiloba Ojediran oluwatobiloba.ojediran@transcorphotelsplc.com	
Investors Relations Portal:	https://www.transcorphotels.com/investor-relations/	

TRANSCORP HOTELS PLC.
UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Note	Group		Company	
		Jan - Sept 2023	Jan - Sept 2022	Jan - Sept 2023	Jan - Sept 2022
		N '000	N '000	N '000	N '000
Revenue	5.	29,850,070	22,654,514	28,952,878	21,949,395
Cost of sales	6.	(8,257,623)	(6,273,041)	(7,962,719)	(6,016,199)
Gross profit		21,592,447	16,381,473	20,990,159	15,933,196
Other operating income	7.	1,171,428	474,508	1,195,905	460,678
Impairment (losses) on financial assets	9.	(44,524)	(665)	(44,524)	-
Operating expenses	10.	(14,259,117)	(10,505,118)	(13,448,492)	(9,838,181)
Operating profit		8,460,233	6,350,198	8,693,048	6,555,693
Finance costs	8.1	(2,951,792)	(3,068,576)	(2,951,792)	(3,068,576)
Finance income	8.2	39,397	6,991	59,536	25,281
Profit before tax		5,547,838	3,288,615	5,800,792	3,512,398
Income tax	11.	(1,475,884)	(1,016,189)	(1,475,884)	(1,016,189)
Profit for the period		4,071,954	2,272,426	4,324,908	2,496,209
Total comprehensive income for the period		4,071,954	2,272,426	4,324,908	2,496,209
Profit for the period attributable to:					
Owners of the Company		4,117,183	2,302,276	4,324,908	2,496,209
Non-controlling interests		(45,229)	(29,850)	-	-
		4,071,954	2,272,426	4,324,908	2,496,209
Earnings per share					
Basic earnings per share (kobo)	12.	40	22	42	24
Diluted earnings per share (kobo)	12.	40	22	42	24

The accounting policies on pages 9 to 10 and the notes on pages 11 to 26 form an integral part of the unaudited consolidated and separate financial statements.

**UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2023**

	July-Sept 2023		July-Sept 2022	
	N'000	N'000	N'000	N'000
Revenue	10,866,377	7,668,247	10,496,436	7,439,238
Cost of sales	(3,083,863)	(2,223,745)	(2,976,468)	(2,131,783)
Gross profit	7,782,514	5,444,502	7,519,968	5,307,455
Other operating income	206,674	185,865	207,653	172,213
Impairment loss on financial assets	(40,000)	-	-	-
Operating expenses	(4,994,093)	(3,696,679)	(4,702,005)	(3,461,924)
Operating profit	2,955,095	1,933,688	3,025,616	2,017,744
Finance costs	(963,987)	(1,015,417)	(963,987)	(1,015,417)
Finance income	31,092	4,377	37,886	10,444
Profit before tax	2,022,200	922,648	2,099,515	1,012,771
Income tax	(412,132)	(341,995)	(412,132)	(341,995)
Profit for the period	1,610,068	580,653	1,687,383	670,776
Total comprehensive income for the period	1,610,068	580,653	1,687,383	670,776
Profit for the period attributable to:				
Owners of the Company	1,629,616	591,030	1,687,383	670,776
Non-controlling interests	(19,549)	(10,377)	-	-
	1,610,067	580,653	1,687,383	670,776
Earnings/(loss) per share				
Basic profit/(loss) per share (kobo)	16	14	16	15
Diluted profit/(loss) per share (kobo)	16	14	16	15

The accounting policies on pages 9 to 10 and the notes on pages 11 to 26 form an integral part of the unaudited consolidated and separate financial statements.

TRANSCORP HOTELS PLC.
UNAUDITED CONSOLIDATED AND SEPERATE STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		30 September 2023	31 December 2022	30 September 2023	31 December 2022
		N '000	N '000	N '000	N '000
Assets					
Non-current assets					
Property, plant and equipment	13.	107,508,657	107,971,345	92,766,747	93,369,335
Investment property	14.	-	-	1,717,765	1,717,765
Goodwill	16.	1,974,756	1,974,756	-	-
Intangible assets	15.	153,474	158,856	97,207	119,265
Investment in subsidiaries	4.	-	-	3,529,841	3,529,841
Investment in financial asset	21.	300,075	300,075	300,075	300,075
Long term receivables	30	-	-	8,667,745	8,418,588
		<u>109,936,962</u>	<u>110,405,032</u>	<u>107,079,380</u>	<u>107,454,869</u>
Current assets					
Inventories	18.	562,255	616,624	476,070	529,871
Trade and other receivables	19.	4,893,207	3,220,475	5,591,497	3,793,545
Prepayments	20.	1,198,361	1,062,154	1,167,499	1,036,980
Cash and bank balances	22.	7,204,905	5,183,097	7,152,781	5,101,419
		<u>13,858,728</u>	<u>10,082,350</u>	<u>14,387,847</u>	<u>10,461,815</u>
Total assets		<u>123,795,690</u>	<u>120,487,382</u>	<u>121,467,227</u>	<u>117,916,684</u>
Equity and Liabilities					
Equity					
Share capital	23.	5,121,264	5,121,264	5,121,264	5,121,264
Share premium	23.	12,548,859	12,548,859	12,548,859	12,548,859
Retained earnings		49,324,194	45,207,011	49,703,420	45,378,512
Equity attributable to Owners of the Company					
		66,994,317	62,877,134	67,373,543	63,048,635
Non-controlling interests		(132,749)	(87,520)	-	-
Total equity		<u>66,861,568</u>	<u>62,789,614</u>	<u>67,373,543</u>	<u>63,048,635</u>
Liabilities					
Non-current liabilities					
Borrowings	17.	13,995,752	16,113,199	13,995,752	16,113,199
Deferred income	25.	1,213,001	1,544,322	1,213,001	1,544,322
Contract liabilities	26.	2,063,141	2,139,555	2,063,141	2,139,555
Deposit for shares	29.	2,410,000	2,410,000	-	-
Defined benefit liability	31.	210,362	161,705	210,362	161,705
Deferred tax liability	11.	6,023,475	6,023,475	6,023,475	6,023,475
		<u>25,915,731</u>	<u>28,392,256</u>	<u>23,505,731</u>	<u>25,982,256</u>
Current liabilities					
Trade and other payables	27.	21,199,822	20,125,593	20,764,410	19,710,927
Current tax liabilities	11.	1,470,845	594,493	1,475,819	589,440
Contract liabilities	26.	268,731	258,284	268,731	258,284
Borrowings	17.	7,601,985	7,846,378	7,601,985	7,846,378
Deferred income	25.	444,000	447,756	444,000	447,756
Defined benefit liability	31.	33,008	33,008	33,008	33,008
		<u>31,018,391</u>	<u>29,305,512</u>	<u>30,587,953</u>	<u>28,885,793</u>
Total liabilities		<u>56,934,122</u>	<u>57,697,768</u>	<u>54,093,684</u>	<u>54,868,049</u>
Total equity and liabilities		<u>123,795,690</u>	<u>120,487,382</u>	<u>121,467,227</u>	<u>117,916,684</u>

The Unaudited Consolidated and Separate Financial Statements on pages 3 to 26 were approved by the Board of Directors on the 20th of October 2023 and were signed on its behalf by:

Mr. Emmanuel Nnorom
Chairman
FRC/2014/ICAN/0000007402

Mrs. Oluwatobiloba Ojedian
Chief Finance Officer
FRC/2020/001/00000020314

Mrs. Dupe Olusola
Managing Director/CEO
FRC/2020/003/00000021104

The accounting policies on pages 9 to 10 and the notes on pages 11 to 26 form an integral part of the unaudited consolidated and separate financial statements.

TRANSCORP HOTELS PLC.
UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2023

	Share capital N '000	Share premium N '000	Retained earnings N '000	Total attributable to owners of the parent N '000	Non- controlling interests N '000	Total equity N '000
Group						
Balance as at 1 January 2022	5,121,264	12,548,859	44,577,786	62,247,909	(27,684)	62,220,225
Profit for the period	-	-	2,677,730	2,677,730	(59,836)	2,617,894
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,677,730	2,677,730	(59,836)	2,617,894
Other comprehensive income	-	-	-	-	-	-
Dividends for 2021	-	-	(716,977)	(716,977)	-	(716,977)
Dividends for 2022	-	-	(1,331,529)	(1,331,529)	-	(1,331,529)
Total contributions by and distributions to Owners of Company	-	-	(2,048,506)	(2,048,506)	-	(2,048,506)
Balance at 31 December 2022	5,121,264	12,548,859	45,207,011	62,877,134	(87,520)	62,789,614
Balance as at 1 January 2022	5,121,264	12,548,859	44,577,786	62,247,909	(27,684)	62,220,225
Profit for the period	-	-	2,312,651	2,312,651	(40,227)	2,272,424
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,312,651	2,312,651	(40,227)	2,272,424
Dividends	-	-	(716,977)	(716,977)	-	(716,977)
Total contributions by and distributions to Owners of Company	-	-	1,595,674	1,595,674	(40,227)	1,555,447
Balance at 30 September 2022	5,121,264	12,548,859	46,173,460	63,843,583	(67,911)	63,775,672
Balance as at 1 January 2023	5,121,264	12,548,859	45,207,011	62,877,134	(87,520)	62,789,614
Profit for the year	-	-	4,117,183	4,117,183	(45,229)	4,071,954
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	4,117,183	4,117,183	(45,229)	4,071,954
Dividends	-	-	-	-	-	-
Total contributions by and distributions to Owners of Company	-	-	4,117,183	4,117,183	(45,229)	4,071,954
Balance at 30 September 2023	5,121,264	12,548,859	49,324,194	66,994,317	(132,749)	66,861,568

TRANSCORP HOTELS PLC.
UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2023

	Share capital N '000	Share premium N '000	Retained earnings N '000	Total attributable to owners of the parent N '000	Non-controlling interests N '000	Total equity N '000
Company						
Balance at 1 January 2022	5,121,264	12,548,859	44,347,486	62,017,609	-	62,017,609
Profit for the period	-	-	3,079,532	3,079,532	-	3,079,532
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	3,079,532	3,079,532	-	3,079,532
Dividends for 2021	-	-	(716,977)	(716,977)	-	(716,977)
Dividends for 2022	-	-	(1,331,529)	(1,331,529)	-	(1,331,529)
Total contributions by and distributions to Owners of Company	-	-	1,031,026	1,031,026	-	1,031,026
Balance at 31 December 2022	5,121,264	12,548,859	45,378,512	63,048,635	-	63,048,635
Balance as at 1 January 2022	5,121,264	12,548,859	44,347,486	62,017,609	-	62,017,609
Profit for the period	-	-	2,496,211	2,496,211	-	2,496,211
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,496,211	2,496,211	-	2,496,211
Dividends	-	-	(716,977)	(716,977)	-	(716,977)
Total contributions by and distributions to Owners of Company	-	-	1,779,234	1,779,234	-	1,779,234
Balance at 30 September 2022	5,121,264	12,548,859	46,126,720	63,796,843	-	63,796,843
Balance at 1 January 2023	5,121,264	12,548,859	45,378,512	63,048,635	-	63,048,635
Profit for the period	-	-	4,324,908	4,324,908	-	4,324,908
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	4,324,908	4,324,908	-	4,324,908
Dividends	-	-	-	-	-	-
Total contributions by and distributions to Owners of Company	-	-	4,324,908	4,324,908	-	4,324,908
At 30 September 2023	5,121,264	12,548,859	49,703,420	67,373,543	-	67,373,543

The accounting policies on pages 9 to 10 and the notes on pages 11 to 26 form an integral part of the unaudited consolidated and separate financial statements.

TRANSCORP HOTELS PLC.
UNAUDITED CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	Group		Company	
		30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
Operating activities					
Cash generated from operations	33	9,986,051	7,091,679	9,725,345	5,334,731
Income taxes paid	11.	(599,532)	(166,529)	(589,505)	(161,819)
Net cash from operating activities		9,386,519	6,925,150	9,135,840	5,172,912
Investing activities					
Interest received	8.2	39,397	6,991	59,536	25,281
Proceeds from sale of property, plant and equipment		6,069	(2,989,352)	6,283	(1,090,083)
Purchase of property, plant and equipment	13.	(1,437,255)	5,231	(1,199,301)	5,231
Purchase of intangible asset	15.	(21,926)	(12,771)	-	(1,127)
Net cash used in investing activities		(1,413,715)	(2,989,901)	(1,133,482)	(1,060,698)
Financing activities					
Repayment of borrowings		(2,657,562)	(1,673,705)	(2,657,562)	(1,673,705)
Interest paid		(2,411,677)	(2,407,614)	(2,411,677)	(2,407,614)
Dividends paid		(1,331,529)	(716,977)	(1,331,529)	(716,977)
Net cash used in financing activities		(6,400,768)	(4,798,296)	(6,400,768)	(4,798,296)
Net (decrease)/increase in cash and cash equivalents		1,572,036	(863,047)	1,601,590	(686,082)
Cash and cash equivalents at beginning of period		3,258,117	3,184,233	3,176,439	2,984,581
Effect of foreign exchange rate changes		694,165	(31,109)	694,165	(37,805)
Cash and cash equivalents at end of period	22.	5,524,318	2,290,077	5,472,194	2,260,694

The accounting policies on pages 9 to 10 and the notes on pages 11 to 26 form an integral part of the unaudited consolidated and separate financial statements.

**TRANSCORP HOTELS PLC.
ACCOUNTING POLICIES
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

1. Corporate information

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

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

The ultimate parent of the Company is Transnational Corporation Plc. with 76.16% (2022:76.16%) shareholdings.

The registered office is located at 1 Aguiyi Ironsi Street, Maitama, Federal Capital Territory, Abuja, Nigeria.

The Group is principally engaged in hospitality activities; rendering of hotel services by providing luxury accommodation, exotic cuisines, fully equipped meeting rooms, and leisure facilities to business travelers and tourists from all over the world. Information on the Group's structure is provided in Note 4.

The consolidated and separate financial statements for the period ended 30 September 2023 were authorised for issue in accordance with a resolution of the directors on 20 October 2023.

2. Significant Accounting Policies

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

2.1 Basis of preparation

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

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

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

These accounting policies are consistent with the previous period.

TRANSCORP HOTELS PLC. ACCOUNTING POLICIES FOR THE PERIOD ENDED 30 SEPTEMBER 2023

Going Concern

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

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

2.2 Segmental Reporting

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

The basis of segmental reporting has been set out in Note 3

2.3 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- 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

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holding of the other
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

TRANSCORP HOTELS PLC.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

3. Segment information

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

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

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

Segments by entity	For the period ended 30 September 2023			
	Company		Other Segments	Group
	Transcorp Hotels Calabar Limited	Transcorp Hotels Plc		
	N '000	N '000	N '000	N '000
Rooms	483,206	18,981,226	-	19,464,432
Food & Beverage	369,625	8,198,461	-	8,568,086
Shop rental	-	841,860	-	841,860
Service charge	10,393	213,922	-	224,315
Recreation Service	-	144,763	-	144,763
Secretarial Service	-	53,259	-	53,259
Accommodation and experiences	-	-	13,886	13,886
Other operating revenue	20,082	519,387	-	539,469
Total revenue from contracts with customers	883,306	28,952,878	13,886	29,850,070

Segments by entity	For the period ended 30 September 2022			
	Company		Other Segments	Group
	Transcorp Hotels Calabar Limited	Transcorp Hotels Plc		
	N '000	N '000	N '000	N '000
Rooms	365,489	12,609,875	-	12,975,364
Food and beverages	308,879	8,362,207	-	8,671,086
Shop rental	-	678,053	-	678,053
Service charge	8,257	62,314	-	70,571
Recreation Service	-	168,823	-	168,823
Secretarial Service	-	39,698	-	39,698
Accommodation and experiences	-	-	3,505	3,505
Other operating revenue	18,989	28,425	-	47,414
Total revenue from contracts with customers	701,614	21,949,395	3,505	22,654,514

**TRANSCORP HOTELS PLC.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

4. Interests in Subsidiaries including Consolidated Structure Entities

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

Name	Principal activities	Country of incorporation	% equity interest	
			2023	2022
Transcorp Hotels Calabar Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Port Harcourt Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Ikoyi Limited	Hospitality	Nigeria	58	58
Aura by Transcorp Hotels Limited	Hospitality	Nigeria	60	60

Investment in subsidiaries

Name	2023	2022
	₦ '000	₦ '000
Transcorp Hotels Calabar Limited	3,508,621	3,508,621
Transcorp Hotels Port Harcourt Limited	20,000	20,000
Transcorp Hotels Ikoyi Limited	1,160	1,160
Aura by Transcorp Hotels Limited	60	60
	3,529,841	3,529,841

The Holding Company

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

Entity with significant influence over the Group

Ministry of Finance Incorporated owns 11.04% of the ordinary shares of Transcorp Hotels Plc (2022: 11.04%).

Non-controlling interest

- Heirs Holdings Ltd owns 42% of the ordinary shares of Transcorp Hotels Ikoyi Limited (2022: 42%).
- Transnational Corporation Plc. and Heirs Holdings Ltd own 20% each of the ordinary shares of Aura by Transcorp Hotels Ltd (2022:same)

**TRANSCORP HOTELS PLC.
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
5. Revenue				
Rooms	19,464,432	12,975,364	18,981,226	12,609,875
Food and beverages	8,568,086	8,671,086	8,198,461	8,362,207
Service Charge	224,315	678,053	841,860	678,053
Shop Rental	841,860	70,571	213,922	62,314
Accommodation and experiences	13,886	3,505	-	-
Recreation Service	144,763	168,823	144,763	168,823
Secretarial Service	53,259	39,698	53,259	39,698
Other operating revenue	539,469	47,414	519,387	28,425
	29,850,070	22,654,514	28,952,878	21,949,395

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
6. Cost of sales				
Rooms	2,801,426	3,251,461	2,767,906	3,220,949
Food and beverages	5,248,414	2,885,901	5,028,534	2,701,052
Other operating costs	207,783	135,679	166,279	94,198
Total cost of sales	8,257,623	6,273,041	7,962,719	6,016,199

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
7. Other operating income				
Key money (Note 26.2)	114,619	114,619	114,619	114,619
Profit on disposal of fixed assets	3,650	5,231	3,650	5,231
Deferred income (Note 25)	335,077	337,069	335,077	337,069
Net foreign exchange gain/(loss)	694,165	(31,109)	694,165	(37,805)
Other operating income	23,917	48,698	48,394	41,564
Total net other operating income	1,171,428	474,508	1,195,905	460,678

**TRANSCORP HOTELS PLC.
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FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

8. Finance costs/ income

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
8.1 Finance costs				
Interest on debts and borrowings	2,951,792	3,068,576	2,951,792	3,068,576
Total finance costs	2,951,792	3,068,576	2,951,792	3,068,576

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
8.2 Finance income				
Interest on bank deposits	39,397	6,991	59,536	25,281
Total finance income	39,397	6,991	59,536	25,281

9. Impairment losses on financial assets

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
Trade receivables and other receivables	44,524	665	44,524	-
	44,524	665	44,524	-

10. Operating expenses

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
Advertising	956,285	538,800	936,034	523,448
Amortisation (Note 15)	27,309	24,025	22,059	21,159
Auditors remuneration	48,952	38,201	32,803	27,720
Bank charges	371,155	310,709	366,978	305,959
Consulting and professional fees	77,240	48,742	71,764	41,195
Depreciation (Note 13)	1,897,524	1,888,323	1,799,257	1,808,381
Directors' remuneration	95,651	55,700	95,651	55,700
Employee costs	1,852,837	1,610,983	1,679,347	1,425,506
Energy cost	2,062,697	1,702,879	1,751,776	1,476,160
Group services and benefits	579,058	471,912	579,058	471,912
Insurance	480,296	340,760	472,967	334,308
IT expenses	173,856	139,331	151,611	128,428
Licences, fees and rates	146,782	38,076	137,186	31,234
Management fees *	1,713,581	1,320,513	1,713,581	1,320,513
Medical expenses	30,540	55,444	30,540	55,444
Other expenses	1,922,859	391,705	1,862,097	341,300
Printing and Stationery	32,868	49,571	32,868	49,571
Repairs and maintenance	1,549,227	1,266,816	1,483,724	1,215,446
Security	61,714	69,987	59,637	67,910
Travel, logistics and accommodation	178,686	142,641	169,554	136,887
Total administrative expenses	14,259,117	10,505,118	13,448,492	9,838,181

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

11. Income Tax

The major components of income tax expense for the periods ended 30 September 2023 and 2022 are:

	Group		Company	
	30 Sept 2023 N '000	30 Sept 2022 N '000	30 Sept 2023 N '000	30 Sept 2022 N '000
Current Income Tax:				
Current Income/Minimum Tax Charge	1,345,151	938,021	1,345,151	938,021
Tertiary Education Tax Charge	130,733	78,168	130,733	78,168
	1,475,884	1,016,189	1,475,884	1,016,189
Deferred tax:				
Originating and reversing temporary differences	-	-	-	-
Tax expense in the statement of profit or loss	1,475,884	1,016,189	1,475,884	1,016,189

	Group		Company	
	30 Sept 2023 N '000	31 Dec 2022 N '000	30 Sept 2023 N '000	31 Dec 2022 N '000
Current tax payable				
As of 1 January	594,493	166,500	589,440	161,790
Income tax expense during the period	1,475,884	594,523	1,475,884	589,471
Payment during the period	(599,532)	(166,530)	(589,505)	(161,821)
	1,470,845	594,493	1,475,819	589,440

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

11.1 Deferred tax

Deferred tax relates to the following:

	Group		Company	
	30 Sept 2023 N '000	31 Dec 2022 N '000	30 Sept 2023 N '000	31 Dec 2022 N '000
Deferred tax liability	6,023,475	6,023,475	6,023,475	6,023,475
Total Net Deferred Tax Liability	6,023,475	6,023,475	6,023,475	6,023,475

The deferred tax liability relates to Transcorp Hotels Plc. (the parent).

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	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
Reconciliation of deferred tax liabilities, net				
As of 1 January	6,023,475	4,333,347	6,023,475	4,466,066
Tax expense for the period	-	1,690,128	-	1,557,409
	6,023,475	6,023,475	6,023,475	6,023,475

12. Earnings per share (EPS)

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

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

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

	Group		Company	
	30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
	N '000	N '000	N '000	N '000
Profit/(loss) attributable to ordinary equity holders of the parent for basic earnings	4,117,183	2,302,276	4,324,908	2,496,209
	Thousands	Thousands	Thousands	Thousands
Weighted number of shares at the end of the period	10,242,528	10,242,528	10,242,528	10,242,528
Basic Earnings per share (Kobo)	40	22	42	24
Diluted Earnings per share (Kobo)	40	22	42	24

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

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13. Property, plant and equipment

Group							
	Freehold Land	Building	Plant & Machinery	Computer & Office Equipment	Motor Vehicle	Capital work in progress	Total
	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Cost							
1-January-2022	37,271,552	50,578,049	6,059,224	18,280,020	498,868	6,751,714	119,439,427
Additions	1,430,000	253,119	255,392	1,228,291	775	3,417,974	6,585,550
Reclassification	1,100,000	-	-	-	-	(1,100,000)	-
Disposal	-	(4,413)	-	(25,872)	-	-	(30,285)
31-December-2022	39,801,552	50,826,755	6,314,616	19,482,439	499,643	9,069,688	125,994,692
Additions	227,041	81,944	174,643	548,741	-	404,886	1,437,255
Disposal	-	(3,446)	-	(1,229)	(85,815)	(3,446)	(93,936)
30-September-2023	40,028,593	50,905,253	6,489,259	20,029,951	413,828	9,471,127	127,338,011
Accumulated depreciation and impairment losses							
1 January 2022	-	5,806,167	3,439,824	5,793,427	420,120	-	15,459,538
Depreciation for the year	-	1,124,806	265,755	1,178,098	20,761	-	2,589,419
Disposals	-	(901)	-	(24,710)	-	-	(25,611)
31-December-2022	-	6,930,072	3,705,579	6,946,816	440,880	-	18,023,347
Depreciation for the period	-	797,376	168,237	899,124	32,789	-	1,897,525
Disposals	-	(4,870)	-	(833)	(85,815)	-	(91,518)
30-September-2023	-	7,722,577	3,873,816	7,845,106	387,854	-	19,829,354
Net book value							
30-September-2023	40,028,593	43,182,675	2,615,443	12,184,845	25,974	9,471,127	107,508,657
At 31 December 2022	39,801,552	43,896,683	2,609,037	12,535,623	58,763	9,069,688	107,971,346

The gross carrying amount of the fully depreciated property, plant and equipment that is still in use by the Group as at reporting date is N5.3 billion

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

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13. Property, plant and equipment continued

Company

	Freehold Land	Building	Plant & Machinery	Computer & Office Equipment	Motor Vehicle	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
1-January-2022	30,872,625	49,336,394	5,342,901	17,862,560	484,554	1,452,762	105,351,796
Additions	-	197,675	222,502	1,054,706	-	3,199,282	4,674,165
Disposals	-	-	-	(25,489)	-	-	(25,489)
31-December-2022	30,872,625	49,534,069	5,565,403	18,891,777	484,554	4,652,044	110,000,472
Additions	-	81,694	169,120	543,601	-	404,886	1,199,301
Disposal	-	(3,446)	-	(1,229)	(85,815)	(3,446)	(93,936)
30-September-2023	30,872,625	49,612,317	5,734,523	19,434,149	398,739	5,053,485	111,105,837
Accumulated depreciation and impairment losses							
1 January 2022	-	5,420,951	2,922,330	5,429,500	405,314	-	14,178,095
Depreciation for the year	-	1,080,056	228,504	1,147,524	21,447	-	2,477,531
Disposals	-	-	-	(24,489)	-	-	(24,489)
31-December-2022	-	6,501,007	3,150,833	6,552,535	426,760	-	16,631,137
Depreciation for the period	-	762,087	139,754	864,996	32,419	-	1,799,257
Disposals	-	(4,870)	-	(619)	(85,815)	-	(91,304)
30-September-2023	-	7,258,224	3,290,587	7,416,912	373,364	-	18,339,090
Net book value							
30-September-2023	30,872,625	42,354,093	2,443,936	12,017,237	25,375	5,053,485	92,766,747
At 31 December 2022	30,872,625	43,033,062	2,414,570	12,339,242	57,794	4,652,044	93,369,335

Property, plant and equipment encumbered as security

As at 30 September 2023, there is negative pledge over the Group's property, plant and equipment and floating assets, given in relation to the Group's borrowings.

Impairment and reversal of impairment

No impairment loss nor reversal was recognised in the current year (2022: Nil).

Capital commitment

At 30 September 2023, the company had no capital commitments for the acquisition of property, plant and equipment (2022: Nil).

Capital work in progress

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

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14. Investment property

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
Opening balance at 1 January	-	-	1,717,765	1,717,765
Net gain/(loss) from fair value remeasurement	-	-	-	-
	-	-	1,717,765	1,717,765

15. Intangible assets

	Computer Software	
	Group	Company
	N'000	N'000
Cost		
At 1 January 2022	364,735	330,500
Additions	32,653	10,218
At 31 December 2022	397,388	340,718
Additions	21,926	-
At 30 September 2023	419,314	340,718
Amortisation		
At 1 January 2022	206,130	193,035
Amortisation	32,402	28,418
At 31 December 2022	238,532	221,453
Amortisation	27,308	22,058
At 30 September 2023	265,840	243,511
Net book value		
At 30 September 2023	153,474	97,207
At 31 December 2022	158,856	119,265

Computer software consists of acquisition costs of software used in the day-to-day operations of the Group.

16. Goodwill

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

Carrying amount of goodwill

	Transcorp Hotels Calabar Limited	
	30 Sept 2023	31 Dec 2022
	N'000	N'000
Goodwill	1,974,756	1,974,756
Accumulated impairment	-	-
Carrying value	1,974,756	1,974,756

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17. Borrowings

	Interest rate	Maturity	Group		Company	
			30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	%		A'000	A'000	A'000	A'000
N2 billion bank overdraft	13.0	30-Sep-23	1,680,587	1,924,980	1,680,587	1,924,980
N2 billion loan	16.8	8-Nov-26	1,999,847	2,020,727	1,999,847	2,020,727
N12.75 billion loan	10.0	31-May-29	11,716,994	12,109,253	11,716,994	12,109,253
N10 billion loan	10.0	6-Mar-26	6,200,309	7,904,617	6,200,309	7,904,617
Total interest-bearing loans and borrowings			21,597,737	23,959,577	21,597,737	23,959,577
Current			7,601,985	7,846,378	7,601,985	7,846,378
Non-current			13,995,752	16,113,199	13,995,752	16,113,199
			21,597,737	23,959,577	21,597,737	23,959,577

Bank Overdraft

The Bank Overdraft is secured by a negative pledge on the Company's assets.

N2 billion loan

N2 billion term loan with a tenor of 4 years and 24 months moratorium

N12.75 billion loan

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 an arrangement by Transnational Corporation Plc (the Parent Company).

N10 billion loan

N10 billion term loan with a tenor of 7 years and 24 months moratorium and at interest rate of 10%. The loan is secured by an arrangement by Transnational Corporation Plc (the Parent Company).

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18. Inventories

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
Food and beverage	215,850	210,491	167,604	167,178
Fuel	130,751	207,346	130,751	207,346
Engineering spares	18,312	29,677	-	-
Guest supplies	197,342	169,110	177,715	155,347
	562,255	616,624	476,070	529,871

19. Trade and other receivables

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
Financial Instruments:				
Trade receivables	1,537,397	1,234,253	1,383,367	1,110,153
Receivables from related parties	928,871	37,675	1,880,665	773,904
Provision for impairment on trade receivables (Note 19.1 & 19.2)	(84,010)	(49,596)	(78,393)	(46,040)
	2,382,258	1,222,332	3,185,639	1,838,017
Non-Financial Instruments:				
Deposits and advances	1,303,920	1,108,067	1,288,992	1,096,052
Withholding tax receivables	337,576	394,760	326,716	385,280
Other receivables	869,453	495,316	790,150	474,196
Total Trade and Other Receivables	4,893,207	3,220,475	5,591,497	3,793,545

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

Deposits and advances include amounts paid in advance to suppliers for goods to be delivered in the near future. It also includes employee advances for operating expenses which will be retired after the related purchases.

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

19.1 Allowance for expected credit losses

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

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
As at 1 January	49,596	56,711	45,487	28,952
Charged for the year	44,524	64,273	44,524	68,573
Write-off	(10,110)	(71,388)	(12,172)	(52,038)
	84,010	49,596	77,839	45,487

19.2 Allowance for expected credit losses - Other financial assets

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

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
As at 1 January	-	-	553	-
Provision for expected credit losses	-	-	-	553
As at 31 December	-	-	553	553

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20. Prepayments

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
Maintenance contracts	341,416	231,123	310,554	205,949
Insurance and permits	283,824	284,041	283,824	284,041
Prepaid loan processing fees (BOI loans)	378,772	432,768	378,772	432,768
Other prepaid expenses	194,349	114,222	194,349	114,222
	1,198,361	1,062,154	1,167,499	1,036,980

21. Investment in financial assets

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
Equity instrument	75	75	75	75
Deposit for shares not yet allotted	300,000	300,000	300,000	300,000
	300,075	300,075	300,075	300,075

The equity instrument represents a purchase of 7.5% of the 1,000,000 ordinary share capital of Jeolan Ltd. A further N300m was paid to Jeolan Ltd as a deposit for shares to be allotted in the future.

22. Cash and bank balances

Cash on hand	35,480	26,713	34,028	26,028
Cash at banks	5,101,802	4,296,032	5,051,130	4,215,039
Short term deposit	2,067,623	860,352	2,067,623	860,352
	7,204,905	5,183,097	7,152,781	5,101,419

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

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at 30th September :

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
Cash on hand and at bank	5,137,282	4,322,745	5,085,158	4,241,067
Short term deposit	2,067,623	860,352	2,067,623	860,352
	7,204,905	5,183,097	7,152,781	5,101,419
Bank overdrafts	(1,680,587)	(1,924,980)	(1,680,587)	(1,924,980)
Cash and cash equivalents	5,524,318	3,258,117	5,472,194	3,176,439

23. Share Capital

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N'000	N'000	N'000	N'000
Authorised shares				
10,242,528,411 ordinary shares of 50k each	5,121,264	5,121,264	5,121,264	5,121,264
Ordinary shares issued and fully paid				
10,242,528,411 ordinary shares of 50k each	5,121,264	5,121,264	5,121,264	5,121,264
Share premium				
At 1 January	12,548,859	12,548,859	12,548,859	12,548,859
At 30 September	12,548,859	12,548,859	12,548,859	12,548,859

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(a) Compliance with Free Float Requirements and Shareholding pattern as at 30 September 2023

Shareholding Structure/Free Float Status

During the period, Transcorp Hotels Plc achieved compliance with Nigerian Exchange Limited's (NGX) free float requirement for companies listed on its Main Board, the NGX has removed the Compliance Status Indicator (CSI) of BLS (Below Listing Standard) placed beside the Company's name across NGX's platform.

According to the register of members as at 30 September 2023, the shareholding in the Company was as follows:

Range	No. of Holders	Holder's %	Units	Unit %
1-999	828	36.13%	145,236	0.00%
1,000 - 9,999	924	40.31%	2,231,137	0.02%
10,000-99,999	423	18.46%	10,120,664	0.10%
100,000-999,999	95	4.14%	17,528,452	0.17%
1,000,000-9,999,999	14	0.61%	34,937,100	0.34%
10,000,000-99,999,999	1	0.04%	10,000,000	0.10%
100,000,000-999,999,999	5	0.22%	1,236,330,806	12.07%
Above 1,000,000,000	2	0.09%	8,931,235,016	87.20%
Total	2,292	100%	10,242,528,411	100%

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
24. Distributions made and proposed				
Cash dividends on ordinary shares declared:				
Dividend for 2023 - Nil (2022: 13k per share)	-	1,331,529	-	1,331,529
	-	1,331,529	-	1,331,529

25. Deferred income

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
At 1 January	1,992,078	2,456,537	1,992,078	2,456,537
Released to the statement of profit or loss	(335,077)	(464,459)	(335,077)	(464,459)
	1,657,001	1,992,078	1,657,001	1,992,078
Current	444,000	447,756	444,000	447,756
Non-current	1,213,001	1,544,322	1,213,001	1,544,322
	1,657,001	1,992,078	1,657,001	1,992,078

The Company obtained a loan from Bank of Industry (BOI) to procure equipment to upgrade the hotel rooms, kitchen, public area and equip a new multi-purpose banqueting conference centre. The interest rate on the loan was below the market loan rate. The fair value and the deferred income on the loan was recognized initially on the loan drawn-down date. The deferred income was subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the loan as at the reporting date. The opening deferred income was N1.99 billion and N335 million was credited to other operating income in the statement of profit or loss for the period ended 30 September 2023.

26. Contract liabilities

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
Short-term advances for hospitality services (Note 26.1)	154,116	105,464	154,116	105,464
Key money from Hilton (Note 26.2)	2,177,756	2,292,375	2,177,756	2,292,375
	2,331,872	2,397,839	2,331,872	2,397,839
Current	268,731	258,284	268,731	258,284
Non current	2,063,141	2,139,555	2,063,141	2,139,555
	2,331,872	2,397,839	2,331,872	2,397,839

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26.1 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. The entire advances would be earned as revenue in 2023.

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
Reconciliation of Short-term advances At 1 January	105,464	40,990	105,464	40,990
Deferred during the period	154,116	105,464	154,116	105,464
Recognised as revenue during the period	(105,464)	(40,990)	(105,464)	(40,990)
	154,116	105,464	154,116	105,464
Current	154,116	105,464	154,116	105,464

26.2 Key money from Hilton

In 2017, the managers of Transcorp Hilton Hotel Abuja, Hilton Worldwide Manage Limited contributed \$ 10 million towards the refurbishment of the hotel. The contribution is referred to as Key money. It does not attract any interest and is not repayable by the Company unless the contract is terminated before the end of the 20-year contract period (31st December 2038). 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 N2.18 billion relates to the unamortised portion of the key money as at 30 September 2023.

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
Reconciliation of Key money from Hilton At 1 January	2,292,375	2,445,200	2,292,375	2,445,200
Recognised as other operating income during the period	(114,619)	(152,825)	(114,619)	(152,825)
	2,177,756	2,292,375	2,177,756	2,292,375

27. Trade and other payables

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
Trade payables	2,990,008	2,223,614	2,861,229	2,146,301
Related parties	11,753,302	12,885,522	11,753,302	12,885,522
Other payables (Note 27.1)	6,456,512	5,016,457	6,149,879	4,679,104
	21,199,822	20,125,593	20,764,410	19,710,927

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.

27.1 Other payables

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
VAT payable	360,434	295,290	307,460	225,625
Accrued liabilities	5,580,237	4,009,160	5,346,101	3,767,489
Unclaimed dividend	147,017	147,017	147,017	147,017
Security deposits from guests	170,518	165,501	170,518	165,501
WHT Payable	198,306	399,489	178,783	373,472
	6,456,512	5,016,457	6,149,879	4,679,104

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28. Cash generated from operations

	Notes	Group		Company	
		30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
Profit before tax		5,547,838	3,288,613	5,800,792	3,512,400
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	13	1,897,525	1,888,323	1,799,257	1,808,381
Amortisation of intangible assets	15	27,308	24,025	22,058	21,159
Impairment allowance on financial assets	9	44,524	(665)	44,524	-
(Gain)/Loss on foreign exchange	7	(694,165)	31,109	(694,165)	37,805
(Gain) on disposal of property, plant and equipment	7	(3,650)	(4,934)	(3,650)	(4,159)
Day 1 Gain Income	25	(335,077)	(337,069)	(335,077)	(337,069)
Finance income	8.2	(39,397)	(6,991)	(59,536)	(25,281)
Finance cost	8.1	2,951,792	3,068,576	2,951,792	3,068,576
Working capital adjustments:					
(Increase) in trade and other receivables		(1,717,256)	(800,165)	(1,842,476)	(1,006,635)
(Increase)/Decrease in prepayments		(136,207)	307,835	(130,519)	309,035
Decrease/(Increase) in inventories		54,369	(168,553)	53,801	(161,677)
(Decrease) in contract liabilities		(65,967)	(57,893)	(65,967)	(57,893)
(Increase) in long term receivables		-	-	(249,157)	(1,659,155)
Increase in defined benefit liability	31	48,657	-	48,657	-
Increase /(Decrease) in trade and other payables		2,405,757	(140,532)	2,385,011	(170,755)
		9,986,051	7,091,679	9,725,345	5,334,731

29. Deposit for shares

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
	N '000	N '000	N '000	N '000
	2,410,000	2,410,000	-	-

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

	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
30 Long term receivables	N '000	N '000	N '000	N '000
At 1 January	-	-	8,424,840	6,753,736
Additions				
Transcorp Hotels Port Harcourt Limited	-	-	6,330	28,208
Transcorp Hotels Ikoyi Limited	-	-	242,827	1,642,896
Gross carrying amount			8,673,997	8,424,840
Impairment	-	-	(6,252)	(6,252)
Net carrying amount			8,667,745	8,418,588

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31. Defined Benefit Plan - Other employee benefit

Transcorp Hotels Plc (the parent company) provides a long-service award benefit to employees who is 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.

Movements in the present value of defined benefit obligations in the year for both Group and Company were as follows:

	30 Sept 2023	31 Dec 2022
	<i>₦ '000</i>	<i>₦ '000</i>
Opening defined benefit obligation	194,713	-
Service cost	48,657	194,713
Interest cost	-	-
Remeasurement gain/loss	-	-
Benefits paid	-	-
Closing defined benefit obligation	243,370	194,713
Current	33,008	33,008
Non current	210,362	161,705
	243,370	194,713

32. 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.

33. Subsequent Events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Group and Company as at 30 September 2023 that have not been adequately provided for or disclosed in these financial statements.