

TRANSCORP HOTELS PLC
(FORMERLY TRANSNATIONAL HOTELS AND TOURISM SERVICES LIMITED)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Transcorp Hotels Plc
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For the year ended 31 December 2014

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Transcorp Hotels Plc
Corporate Information
For the year ended 31 December 2014

Corporate Information
Company Registration No.

RC 248514

Registered Office

1 Aguiyi Ironsi Street
 Federal Capital Territory
 Abuja, Nigeria.

Board of Directors

Olorogun Otega Emerhor, OON
 Mr Valentine Ozigbo
 Ms. Ohizua Okaima
 Mr. Peter Elumelu *
 Mr. Emmanuel Nnorom
 Mr. Gogo Kurubo
 Mr. Omoniyi Fagbemi mni *
 Mr. Benjamin Dikki
 Mr. Baba Mohammed
 Mr. Obinna Ufudo **
 Mr. Abubakar Giza ***

Chairman
 Managing Director
 Executive Director
 Non Executive Director
 Non Executive Director
 Non Executive Director
 Non Executive Director
 Non Executive Director
 Non Executive Director
 Non Executive Director
 Non Executive Director

Auditor

PricewaterhouseCoopers
 Chartered Accountants
 Plot 252E Muri Okunola Street
 Victoria Island, Lagos.

Bankers

United Bank for Africa Plc
 Zenith Bank Plc
 Mainstreet Bank Limited

Company Secretary

Helen Iwuchukwu
 1 Aguiyi Ironsi Street
 Federal Capital Territory
 Abuja Nigeria.

Registrars

Africa Prudential Registrars Plc
 220B Ikorodu Road
 Palmgrove, Lagos.

Key

* Appointed 11 November 2014

** Exited September 2014

*** Exited August 2014

Transcorp Hotels Plc
Report of the Directors
For the year ended 31 December 2014

The Directors present their annual report on the affairs of Transcorp Hotels Plc ("the company") together with the audited financial statements for the year ended 31 December 2014, to the members of the Company. This report discloses the state of the Company and the Group.

LEGAL FORM

Transcorp Hotels Plc formerly known as Transnational Hotels and Tourism Services Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company and is domiciled in Nigeria. Through an extra-ordinary general meeting held in March 2014 by the Board of Directors, it was agreed that the company be re-registered at the Corporate Affairs Commission as a public limited liability company and an initial public offer (IPO) of the shares of the company was authorised. The IPO was approved by the Corporate Affairs Commission in August 2014.

A total of 418,403,900 (Four hundred and eighteen million, four hundred and three thousand, nine hundred) 50k ordinary shares at N10 per share were subscribed to during the initial public offer (IPO).

On 30 September 2012, the company acquired 100% equity interest in Transcorp Hotels Calabar Limited (formerly known as Transcorp Metropolitan Hotels and Conferencing Limited)

The address of its registered office is:

1 Aguiyi Ironsi Street
 Federal Capital Territory
 Abuja, Nigeria.

PRINCIPAL ACTIVITIES

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

RESULTS

The Company's result for the year is set out on page 7. The profit for the year of N3.33 billion (Group - N3.22 billion) has been transferred to revenue reserves. The summarised results are presented below.

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	N'000	N'000	N'000	N'000
Revenue	15,104,796	15,348,722	14,486,575	14,768,454
Gross profit	11,599,352	12,031,739	11,200,714	11,646,036
Total comprehensive income for the year	3,220,615	4,409,305	3,330,290	4,447,797
Adjusted Earnings per share (kobo)	59	81	61	82

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

DIRECTORS' SHAREHOLDING

The directors who held office during the year, together with their direct and indirect interests in the shares of the Company, were as follows:

	Direct	Indirect	Total	% Holding
Mr Valentine Ozigbo	1,000,000	-	1,000,000	0.013%
Ms. Ohizua Okaima	50,000	-	50,000	0.00066%
Mr. Peter Elumelu *	100,000	-	100,000	0.0013%
Mr. Emmanuel Nnorom	-	1,019,000	1,019,000	0.013%
Mr. Omoniyi Fagbemi mni *	50,000	-	50,000	0.00066%
Total	1,200,000	1,019,000	2,219,000	

Key

* Appointed 11 November 2014

Transcorp Hotels Plc
Report of the Directors
For the year ended 31 December 2014

SHAREHOLDING ANALYSIS

According to the register of members at 31 December 2014, the shareholding in the Company was as follows:

Shareholder	Number of shares held	Percentage held (%)
Transnational Corporation of Nigeria Plc.	6,344,100	83%
Bureau of Public Enterprise/ Ministry of Finance	837,900	11%
Others	418,404	6%
	<u>7,600,404</u>	<u>100%</u>

FIXED ASSETS

Information relating to changes in the fixed assets of the Company is given in Note 10 to the financial statements.

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

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

EMPLOYEE HEALTH, SAFETY AND WELFARE

The Group maintains business premises and work environments that guarantee 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 free medical insurance for its employees and their families through selected health management organizations and hospitals.

EMPLOYEE TRAINING AND INVOLVEMENT

The directors maintain regular communication and consultation with the employees on matters affecting employees and the Company. Employees are kept fully informed regarding the Company's performance and the Company operates an open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them. Employees are also involved in the affairs of the Company through the service charge bonus scheme, which entitles them to a percentage of the hotel's service charge revenue. Training is carried out at various levels through in-house and external courses. The Company's skill base has been extended by a range of training provided to the employees whose opportunity for career development within the Company has been enhanced.

DONATIONS AND GIFTS

The company donated the sum of N316 million to the National Fund for Internally Displaced Persons (IDP) during the year.

AUDITORS

Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office as the auditors of the Company in accordance with section 357(2) of the Companies and Allied Matters Act.

By order of the Board



Helen Iwuchukwu
Company Secretary

Transcorp Hotels Plc
Statement of Directors Responsibilities
For the year ended 31 December 2014

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

- (a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;
- (b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- (c) prepares the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

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

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


Olorogun O'tega Emerhor, OON
FRC/2013/ICAN/00000003211
Chairman


Valentine Chineto Oziobo
FRC/2013/ICAN/00000005347
Managing Director/CEO



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TRANSCORP HOTELS PLC

Report on the financial statements

We have audited the accompanying financial statements of Transcorp Hotels Plc (the company) and its subsidiary (together, the group). These financial statements comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the company and the group at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statements of financial position and comprehensive income are in agreement with the books of account.

A handwritten signature in black ink that reads 'Edefe Erhie'.

Engagement Partner: Edefe Erhie
FRC/2013/ICAN/00000001143
For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria



13 March 2015

Transcorp Hotels Plc
Consolidated Income Statement
For the year ended 31 December 2014

		Group		Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Note	N'000	N'000	N'000	N'000
Revenue	5	15,104,796	15,348,722	14,486,575	14,768,454
Cost of sales	6	(3,505,444)	(3,316,983)	(3,285,861)	(3,122,418)
Gross profit		11,599,352	12,031,739	11,200,714	11,646,036
Administrative expenses	7	(7,476,574)	(6,359,176)	(6,969,634)	(5,931,689)
Other operating income	8	139,493	46,613	137,162	46,613
Operating profit		4,262,271	5,719,176	4,368,242	5,760,960
Finance income	8	277,729	402,878	277,729	402,878
Net finance income		277,729	402,878	277,729	402,878
Profit before taxation		4,540,000	6,122,054	4,645,971	6,163,838
Income tax expense	9	(1,319,385)	(1,712,749)	(1,315,681)	(1,716,041)
Profit for the year		3,220,615	4,409,305	3,330,290	4,447,797
Total comprehensive income for the year		3,220,615	4,409,305	3,330,290	4,447,797
Basic and Diluted EPS (kobo)	23	59	88,186	61	88,956
Adjusted EPS (kobo)	23	59	81	61	82

The notes on pages 11 to 36 are an integral part of these consolidated financial statements.

Transcorp Hotels Plc
Statement of Financial Position
as at 31 December 2014

		Group		Company	
	Note	31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
ASSETS					
Non Current assets					
Property, plant and equipment	10	48,943,763	47,567,390	47,087,750	45,824,368
Intangible assets	11	2,029,637	2,037,220	47,946	58,808
Investment Properties	13	1,138,164	-	1,138,164	-
Investment in subsidiary	12	-	-	3,508,621	2,163,621
Long term intercompany receivables	20	1,616,010	-	1,616,010	-
Total non current assets		53,727,574	49,604,610	53,398,491	48,046,797
Current assets					
Inventories	15	820,285	923,931	779,100	904,579
Trade and other receivables	16	12,387,410	7,422,689	12,669,926	8,849,596
Cash and bank balances	17	2,688,578	8,638,854	2,624,925	8,580,802
Total current assets		15,896,273	16,985,474	16,073,951	18,343,977
Total assets		69,623,847	66,590,084	69,472,442	66,390,774
LIABILITIES					
Non-current liabilities					
Deferred tax liability	14	7,503,856	7,598,293	7,215,154	7,286,101
Total non-current liabilities		7,503,856	7,598,293	7,215,154	7,286,101
Current liabilities					
Trade and other payables	18	7,275,336	11,767,837	7,086,385	11,642,333
Current income tax liabilities		3,092,585	3,709,963	3,081,435	3,720,626
Total current liabilities		10,367,921	15,477,800	10,167,820	15,362,959
Total liabilities		17,871,777	23,076,093	17,382,974	22,649,060
Equity					
Ordinary share capital	24	3,800,202	5,000	3,800,202	5,000
Share Premium	24	4,034,411	-	4,034,411	-
Retained earnings		43,917,457	43,508,991	44,254,855	43,736,714
Equity attributable to owners		51,752,070	43,513,991	52,089,468	43,741,714
Total equity		51,752,070	43,513,991	52,089,468	43,741,714
Total equity and liabilities		69,623,847	66,590,084	69,472,442	66,390,774

The notes on pages 11 to 36 are an integral part of these financial statements

The financial statements on pages 7 to 38 were approved and authorised for issue by the Board of Directors on 11 March 2015 and were signed on its behalf by;


Olorogun O'tega Emerhor, OON
FRC/2013/ICAN/00000003211
Chairman


Adekunle Elumaro
FRC/2013/ICAN/00000004862
Chief Financial Officer


Valentine Chineto Oziabo
FRC/2013/ICAN/00000005347
Managing Director/CEO

Transcorp Hotels Plc
Statement Changes in Equity
For the year 31 December 2014

Group	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
At 1 January 2013	5,000	-	43,299,686	43,304,686
Profit for the year	-	-	4,409,305	4,409,305
Dividend paid	-	-	(4,200,000)	(4,200,000)
Balance at 31 December 2013	5,000	-	43,508,991	43,513,991
Balance at 1 January 2014	5,000	-	43,508,991	43,513,991
Initial Public Offer	209,202	3,974,837	-	4,184,039
Right Issue	16,000	3,984,000	-	4,000,000
Profit for the year	-	-	3,220,615	3,220,615
Bonus issue	3,570,000	(3,570,000)	-	-
Share Issue expense	-	(354,426)	-	(354,426)
Dividend paid	-	-	(2,812,149)	(2,812,149)
Balance at 31 December 2014	3,800,202	4,034,411	43,917,457	51,752,070

Company	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
At 1 January 2013	5,000	-	43,488,917	43,493,917
Profit for the year	-	-	4,447,797	4,447,797
Dividend paid	-	-	(4,200,000)	(4,200,000)
Balance at 31 December 2013	5,000	-	43,736,714	43,741,714
Balance at 1 January 2014	5,000	-	43,736,714	43,741,714
Initial Public Offer	209,202	3,974,837	-	4,184,039
Right Issue	16,000	3,984,000	-	4,000,000
Profit for the year	-	-	3,330,290	3,330,290
Bonus issue	3,570,000	(3,570,000)	-	-
Share Issue expense	-	(354,426)	-	(354,426)
Dividend paid	-	-	(2,812,149)	(2,812,149)
Balance at 31 December 2014	3,800,202	4,034,411	44,254,855	52,089,468

The notes on pages 11 to 36 are an integral part of these financial statements

Transcorp Hotels Plc
Consolidated Statement of Cash flows
For the year ended 31 December 2014

		Group		Company	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Note	N'000	N'000	N'000	N'000
Cash flows from operations					
Cash generated from operating activities					
	25	(5,642,590)	8,956,535	(4,589,644)	8,835,696
Tax paid		(2,025,810)	(1,202,175)	(2,025,810)	(1,202,174)
Net cash generated from operating activities		(7,668,409)	7,754,360	(6,615,463)	7,633,522
Cash flows from investing activities					
Proceeds from sale of property plant and equipment	10	541	3,036	541	3,036
Acquisition of subsidiary net of cash and cash equivalents acquired	12	(1,345,000)	-	(1,345,000)	-
Purchase of property, plant and equipment	10	(2,433,309)	(450,224)	(2,161,983)	(378,282)
Purchase of investment property		(1,138,164)	-	(1,138,164)	-
Purchase of intangible assets	11	(6,128)	(1,155)	-	-
Interest received	8	277,729	402,878	277,729	402,878
Net cash used in investing activities		(4,644,331)	(45,465)	(4,366,877)	27,632
Cash flows from financing activities					
Payment of dividends		(2,812,149)	(4,200,000)	(2,812,149)	(4,200,000)
Inflow from share issue		9,174,613	-	7,829,612	-
Net cash used in financing activities		6,362,464	(4,200,000)	5,017,463	(4,200,000)
Net (decrease) / increase in cash and cash equivalents		(5,950,276)	3,508,895	(5,964,877)	3,461,154
Cash & cash equivalents at the beginning of the year	17	8,638,854	5,129,959	8,589,802	5,128,648
Cash balance at end of period	17	2,688,578	8,638,854	2,624,925	8,589,802

The notes on pages 11 to 36 are an integral part of these financial statements

Transcorp Hotels Plc
Notes to the Financial Statements
For the year ended 31 December 2014

1 General information

Transcorp Hotels Plc (formerly known as Transnational Hotels and Tourism Services Limited) was incorporated on 12 July 1994 in Nigeria under the Companies and Allied Matters Act as a private limited liability Company, and is domiciled in Nigeria. Through an extra-ordinary general meeting held in March 2014 by the Board of Directors, it was agreed that the company be re-registered at the Corporate Affairs Commission as a public limited liability company and an initial public offer (IPO) of the shares of the company was authorised. The IPO was approved by the Corporate Affairs Commission in August 2014.

A total of 418,403,900 (Four hundred and eighteen million, four hundred and three thousand, nine hundred) 50k ordinary shares at N10 per share were subscribed for during the initial public offer (IPO).

The Company owns and operates Transcorp Hilton Hotel Abuja. The hotel which is situated in Abuja provides luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travellers and tourists from all over the world. The Company holds 100% equity interest in Transcorp Hotels Calabar Limited (formerly Transcorp Metropolitan Hotels and Conferencing Limited) which owns and operates the Transcorp Hotel situated in Calabar.

The Company's registered office is 1 Aguiyi Ironsi Street, Federal Capital Territory, Abuja, Nigeria.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and the International Financial Reporting Standards (IFRS) , including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The preparation of financial statements, in conformity with generally accepted accounting principles under IFRS, requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The financial statements have been prepared on a historical cost basis except for the fair value basis applied to certain property plant and equipment and intangible assets. These assets are subsequently carried at cost less accumulated depreciation.

The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.1.1 Going Concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the Company would remain in existence after 12 months.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the Group.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Transcorp Hotels Plc
Notes to the Financial Statements
For the year ended 31 December 2014

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(c) Early adoption of standards

The group did not early adopt new or amended standards in 2014.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has control over. Control exists when the group has power over the investee, is exposed to, or has rights to variable returns from its involvement with investee, and has the ability to use its power to affect the returns. Subsidiaries are accounted for at cost in the separate financial statements of Transcorp Hotels Plc. In the consolidated financial statements, subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the present ownership instrument's proportionate share of the recognised amounts of acquiree's identifiable net assets for components that are present and entitle their holders to a proportionate share of net assets in the events of liquidation. All other components of non-controlling interests are measured at fair value.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Common control transactions

The group applies predecessor values method in accounting for business combination under common control. The financial statements are prepared using predecessor book values, i.e. the book values of the net assets of the acquiree company in the consolidated accounts of Transcorp Hotels Plc before the transaction, without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to equity. This is recorded in retained earnings. No additional goodwill is created by the transaction.

2.3 Segment 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 of Directors of Transcorp Hotels Plc.

The group's primary segment reporting is by business segment. It operates predominantly in only one business segment which is the hospitality business. Also, the group operates only in one geographical segment. Information relating to both the business and geographic segments has been presented in these financial statements.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which Transnational Hotels and Tourism Services Limited operates ('the functional currency'). The functional currency of Transnational Hotels and Tourism Services Limited and its subsidiary is the Nigerian Naira (N). All entities in the group have the same functional currency. The consolidated financial statements are also presented in Naira.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other (expenses)/income – net'. Translation differences related to changes in amortised cost are recognised in profit or loss.

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2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold buildings	2 - 5 th y
Plant and machinery	10 - 33.3 th y
Furniture and fittings	20 th y
Computer equipment	10 - 33.3 th y
Motor vehicles	20 - 25 th y

The group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income or expense - net in the Statement of profit or loss for the period.

2.6 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Transcorp Hotel Plc's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The Goodwill in the books arose from the purchase of Transcorp Hotels Calabar Limited which operates the Transcorp Hotel, Calabar.

For purposes of impairment testing, the entire business is treated as one cash generating unit (CGU).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives. The estimated useful lives of the software of the group is between three to eight years.

2.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated Group, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

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Investment properties are measured initially at cost, including transaction costs, in the year of acquisition. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position.

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only 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. All other repairs and maintenance costs are charged to the consolidated profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is obtained from professional third party valuers contracted to perform valuations on behalf of the Group. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

Investment property as at 31 December 2014 relates to the 10,141.19 Sq Meters of land situate, lying and being at Ikegwerre street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria, leased to Transcorp Hotels Port Harcourt Limited on 1 December 2014.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial instruments

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.9.1 Classification of financial instruments

The directors determine the classification of its financial instruments at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The group's loans and receivables comprises 'trade and other receivables' and 'cash and cash equivalents'.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:

- (a) those that the group upon initial recognition designates as at fair value through profit or loss;
- (b) those that the group designates as available-for-sale; and
- (c) those that meet the definition of loans and receivables.

The Group's held to maturity investments is its investment in treasury bills held during the year.

(c) Financial liabilities at amortized cost

Financial liabilities at amortized cost consists of trade payables.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less.

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2.9.2 Recognition and measurement

(a) Loans and receivables

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

(b) Held-to-maturity investments

Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

(c) Financial liabilities at amortized cost

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the debtor or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

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2.12 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined using the weighted average method. This includes the cost of direct materials to the company's premises and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.13 Cash, cash equivalents and bank overdrafts

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Profit or Loss over the period of the borrowings using the effective interest method.

2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. Capitalised) until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Currently the Group has no qualifying assets on which borrowing costs are being capitalised.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

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

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

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2.18 Employee benefits

Defined Contribution scheme

The group operates a defined contributory pension scheme in line with the provisions of the Pension Reform Act 2004. The employer's contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable stated net of discounts, returns and value added taxes. The group earns revenue from the sale of goods and services. The company earns revenue from dividends received.

Income from investments is recognized when it is earned. Income is earned as follows:

- i) Dividends are earned in the profit and loss account on the date the company's right to receive payment is established; and
- ii) Interest earned on cash investments in money market instruments is recognized in the profit and loss account as it accrues evenly over the period of the investment.

Recognition of revenue for goods and services is recognised when it is earned. Revenue is earned when:

- The significant risks and rewards of ownership have been transferred to the customer or the service has been rendered
- The group does not retain effective control over goods sold
- The amount of revenue can be reliably measured
- It is possible that the economic benefits associated with the transaction will flow to the group
- The costs incurred in respect of the sale can be measured reliably

For goods and services, this implies when the goods have been delivered to the customer and when the service has been performed.

The Transcorp Hilton Hotel Abuja offers a customer loyalty programme called the Hilton Honours guest reward programme on behalf of the Hilton International. Under this programme, registered members earn points when they pay for rooms or services at the Hotel. The group accounts for the points as a separately identifiable component of the sales transaction in which they are granted (the 'initial sale' of rooms or service). The consideration received or receivable in respect of the initial sale is allocated between the points and the sale of rooms or service with reference to the fair value of the points. Revenue is measured as the net amount retained by the hotel, i.e. the difference between the consideration allocated to the award credits and the amount payable to the Hilton International for supplying the awards.

2.20 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance lease

Leases of items by the group where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the group's shareholders. In respect of interim dividends, these are recognised when declared by the Board of Directors.

2.22 Share Capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

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3 Financial instruments and risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, credit risk and liquidity risk.

Risk management is carried out by the Internal Audit and Finance departments, under policies approved by the board of directors. These departments identify, evaluate, and manage financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk and credit risk.

3.1 Credit risk management

3.1.1 Management of credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Risks limits are set based on internal and external ratings in accordance with limits set by the board. The utilisation of credit limits are regularly monitored.

3.1.2 Credit concentrations

Spread of credit/debt amongst customers

Credit quality

The company has dedicated standards, policies and procedures to control and monitor all such risks. There are no independent ratings for customers therefore the company assesses the credit quality of the customer by taking into account its financial position, past experience and other factors. No financial assets are past due except for trade receivables.

Below is a breakdown of financial assets neither past due nor impaired, past due but not impaired and fully impaired:

Below is the breakdown of trade and other receivables neither past due nor impaired, past due but not impaired and individually impaired:

	Group		Company	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Neither past due nor impaired	11,286,788	6,629,540	11,649,928	8,143,804
Past due but not impaired	775,603	736,273	705,867	648,917
Impaired	148,653	140,562	128,661	119,933
Gross trade receivables	12,211,044	7,506,375	12,484,456	8,912,654
Impairment	(148,653)	(140,562)	(128,661)	(119,933)
Net trade receivables	12,062,391	7,365,813	12,355,795	8,792,721

Neither past due nor impaired

Credit quality of financial assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the internal rating provided by the credit department:

	Group		Company	
Internal rating	31 December	31 December	31 December	31 December
category	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Big	11,227,546	6,439,603	11,594,131	7,961,589
Small	57,645	183,465	55,797	182,215
Others	1,597	6,472	-	-
	11,286,788	6,629,540	11,649,928	8,143,804

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Trade debtors are categorised by the sales and marketing team. This classification is based on the net worth of the customers and volume of sales.

Categories	Description of categories
Big	These are large customers who have been with the company for more than three years. Their credit limit is over 30 days.
Small	Customers in this category transact in small business but have been with the company for more than three years. Their credit limit also extend beyond 30 days.
Others	Customers in this category transact in small business but have been with the company for less than three years. Their credit limit is 30 days.

Balances with banks fall under neither past due nor impaired. An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

Past due but not impaired

These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Past due 0-90 days	422,220	390,225	410,983	363,394
Past due 90-180 days	353,383	346,048	294,884	285,523
	<u>775,603</u>	<u>736,273</u>	<u>705,867</u>	<u>648,917</u>

Impaired

The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	Group		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
Past due 0-90 days	110	38,600	110	28,517
Past due 90-180 days	71,581	42,651	71,581	36,329
Past due > 180 days	76,962	59,311	56,970	55,087
Total	<u>148,653</u>	<u>140,562</u>	<u>128,661</u>	<u>119,933</u>

Movements on provision for impairment of trade receivables are as follows

	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N'000	N'000	N'000	N'000
At 1 January	140,562	177,659	119,933	113,028
Provision for receivable impairment	8,728	-	8,728	6,905
Unused amounts reversed	(637)	(37,097)	-	-
As at 31 December	<u>148,653</u>	<u>140,562</u>	<u>128,661</u>	<u>119,933</u>

The creation and release of provision for impaired receivables have been included in "other operating expenses" in the income statement (Note 7).

Collateral provided by trade debtors

There is no collateral on the trade receivables.

	31 December 2014	31 December 2013
	N'000	N'000
Cash and receivables		
A	2,624,925	8,589,802
Total	<u>2,624,925</u>	<u>8,589,802</u>

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3.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

3.2.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity. The company has incurred indebtedness in the form of accrued liabilities. The company evaluates its ability to meet its obligations on an on-going basis. Based on these evaluations, the company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. The company has no limitation placed on its borrowing capability.

3.2.2 Maturity analysis

The table below analyses financial liabilities of the company into relevant maturity period based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Company	0 - 30 days	31 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Total
	N'000	N'000	N'000	N'000	N'000
December 31 2014					
Financial assets					
Trade debtors	407,497	648,565	35,461	21,952	1,113,475
Cash and cash equivalents	2,624,925	-	-	-	2,624,925
Other Receivables	4,124,200	910,528	3,043,164	3,164,382	11,242,284
	<u>7,156,631</u>	<u>1,559,093</u>	<u>3,078,625</u>	<u>3,186,334</u>	<u>14,980,684</u>
Financial liabilities					
Creditors	2,300,070	4,774,158	-	-	7,074,228
Current tax payable	-	3,081,435	-	-	3,081,435
	<u>2,300,070</u>	<u>7,855,593</u>	<u>-</u>	<u>-</u>	<u>10,155,663</u>
	0 - 30 days	31 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2013					
Financial assets					
Trade debtors	286,787	532,711	55,087	201,957	1,076,542
Cash and cash equivalents	8,589,802	-	-	-	8,589,802
Other receivables	-	-	7,716,179	-	7,716,179
	<u>8,876,589</u>	<u>532,711</u>	<u>7,771,266</u>	<u>201,957</u>	<u>17,382,523</u>
Financial liabilities					
Creditors	395,480	11,246,857	-	-	11,642,337
Group	0 - 30 days	31 - 180 days	181 - 365 days	Over 1 year but less than 5 years	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2014					
Financial assets					
Trade debtors	448,830	667,482	63,361	44,872	1,224,545
Cash and cash equivalents	2,688,578	-	-	-	2,688,578
Other receivables	4,019,490	15,525	3,328,328	3,478,510	10,841,862
	<u>7,156,907</u>	<u>683,007</u>	<u>3,391,689</u>	<u>3,523,382</u>	<u>14,754,985</u>
Financial liabilities					
Creditors	1,566,761	4,017,905	1,050,259	628,263	7,263,187

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	0 - 30 days N'000	31 - 180 days N'000	181 - 365 days N'000	Over 1 year but less than 5 years N'000	Total N'000
31 December 2013					
Financial assets					
Trade debtors	286,787	616,080	280,503	-	1,183,370
Cash and cash equivalents	8,638,854	-	-	-	8,638,854
Other receivables	-	20,161	915,502	5,246,780	6,182,443
	<u>8,925,641</u>	<u>636,241</u>	<u>1,196,005</u>	<u>5,246,780</u>	<u>16,004,667</u>
Financial liabilities					
Creditors	<u>3,940,583</u>	<u>7,827,253</u>	-	-	<u>11,767,836</u>
	<u>3,940,583</u>	<u>7,827,253</u>	-	-	<u>11,767,837</u>

3.3 Market risk

3.3.1 Management of market risk

Market risk is the risk that movements in market rates, including foreign exchange rates, and commodity prices will reduce the company's income. The management of market risk is undertaken using risk limits approved by the operating unit finance directors under delegated authority.

3.3.2 Foreign currency denominated balances (USD)

	31 December 2014 N'000	31 December 2013 N'000
Cash and bank balances	<u>314,277</u>	<u>1,037,380</u>

Financial liabilities

Trade creditors	<u>118,515</u>	<u>2,075,604</u>
Net assets position denominated in foreign currencies	<u>195,762</u>	<u>(1,038,224)</u>

Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The foreign denominated balances that the company is exposed to fluctuations are cash and cash equivalents

At 31 December 2014, if the Naira had weakened by 10% against the US dollar with all other variables held constant. The sensitivity of the company's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at loss of 10% as shown below:

	Company 31 December 2014 N'000	31 December 2013 N'000
Change in exchange rate - 10%		
Impact on profit or loss	19,576	(103,822)

3.4 Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the financial position. The group had no debt as at 31 December 2014.

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3.5 Fair values of financial assets and financial liabilities

Set out below is a comparison by category of the carrying values and fair values of all the company's financial assets and financial liabilities as at 31 December 2014 and 31 December 2013. None of the financial assets and liabilities have been reclassified during the year.

The split between fixed and floating rate borrowing and applicable weighted average interest rates are as follows:

	31 December 2014 N'000	31 December 2013 N'000
Group	Carrying amount and fair value	Carrying amount and fair value
Loans and receivables		
Cash and short-term deposits	2,688,578	8,638,854
Trade and other receivables	12,387,410	7,422,689
Financial liabilities		
Trade and other payables	<u><u>7,275,336</u></u>	<u><u>11,767,837</u></u>
	31 December 2014 N'000	31 December 2013 N'000
Company	Carrying amount and fair value	Carrying amount and fair value
Loans and receivables		
Cash and short-term deposits	2,624,925	8,589,802
Trade and other receivables	12,669,926	8,849,596
Financial liabilities		
Trade and other payables	<u><u>7,086,385</u></u>	<u><u>11,642,333</u></u>

4 Critical accounting estimates and judgements

Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

Current and deferred tax

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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Deferred tax cont'd

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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

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

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

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5	Revenue	Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
	Rooms	9,624,109	9,740,808	9,267,808	9,389,914
	Food & beverages	4,186,639	4,406,057	3,964,202	4,226,973
	Shop rental	557,477	460,088	557,477	460,088
	Service charge	166,837	356,546	166,837	356,546
	Other operating revenue	569,734	385,223	530,251	334,933
		<u>15,104,796</u>	<u>15,348,722</u>	<u>14,486,575</u>	<u>14,768,454</u>
All the revenue was generated in Nigeria.					
6	Cost of sales	Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
	Rooms	707,980	598,687	681,532	566,042
	Food and beverage	1,576,049	1,582,050	1,467,406	1,500,709
	Other operating departments	22,081	6,336	22,081	6,336
	Staff costs	1,199,334	1,129,910	1,114,842	1,049,331
		<u>3,505,444</u>	<u>3,316,983</u>	<u>3,285,861</u>	<u>3,122,418</u>
7	Administrative expenses	Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
	Staff costs	1,120,155	966,872	1,062,949	913,593
	Depreciation	1,026,059	1,302,864	898,604	1,184,660
	Auditors remuneration	45,000	40,000	30,000	25,000
	Management and incentive fees	1,403,102	1,024,283	1,403,102	1,024,283
	Professional fees	137,599	46,689	132,902	46,689
	Directors' remuneration	144,523	147,345	144,073	147,345
	Bank charges	43,052	44,334	41,764	42,943
	Repairs and maintenance	760,954	928,932	701,134	866,141
	Energy Cost	900,493	855,550	746,804	706,016
	Ammortisation	13,711	11,363	10,862	10,863
	Donations	316,000	150,000	316,000	150,000
	Insurance	150,277	123,923	150,277	123,923
	Group Services and Benefits	295,004	299,642	295,004	299,642
	Bank Card Charges	204,166	137,755	204,166	137,755
	Other operating expenses	916,479	279,624	831,993	252,836
		<u>7,476,574</u>	<u>6,359,176</u>	<u>6,969,634</u>	<u>5,931,689</u>
8	Other operating income	Group		Company	
		31 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
	Profit on fixed asset disposal	542	346	542	346
	Foreign exchange gains	138,951	46,267	136,620	46,267
		<u>139,493</u>	<u>46,613</u>	<u>137,162</u>	<u>46,613</u>
Finance Income					
	Interest on bank deposit	277,729	311,145	277,729	311,145
	Interest on treasury bills	-	90,922	-	90,922
	Interest on intercompany loan	-	811	-	811
		<u>277,729</u>	<u>402,878</u>	<u>277,729</u>	<u>402,878</u>

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9 Income tax expense

	Group		Company	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Income tax	1,314,290	1,292,800	1,287,096	1,305,743
Education tax	99,532	93,377	99,532	93,377
Deferred tax Income	(94,437)	326,572	(70,947)	316,921
	<u>1,319,385</u>	<u>1,712,749</u>	<u>1,315,681</u>	<u>1,716,041</u>

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2013 and 31 December 2014 is shown in the table below.

	Group		Company	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Profit before tax	4,540,000	6,122,054	4,645,971	6,163,838
Tax at Nigeria Corporation tax rate of 30% (2013: 30%)	1,314,290	1,836,616	1,287,096	1,849,151
Education tax	99,532	93,377	99,532	93,377
Tax losses for which no deferred income tax asset was recognised	(94,437)	(217,244)	(70,947)	(226,487)
Tax charge for the year	<u>1,319,385</u>	<u>1,712,749</u>	<u>1,315,681</u>	<u>1,716,041</u>

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10 Property Plant and Equipment

Group	Freehold Land	Leasehold Building	Plant & Machinery	Capital work in progress	Computer Equipment and Furniture and Fittings	Motor Vehicle	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
1 January 2013	31,358,513	15,262,502	2,232,019	68,458	1,705,270	274,724	50,961,486
Additions	-	4,505	149,025	38,680	184,304	73,710	450,224
Reclassifications	-	-	48,462	(48,462)	-	-	-
Disposals	-	-	-	-	-	(2,734)	(2,734)
31 December 2013	31,358,513	15,267,007	2,429,506	58,676	1,949,574	345,700	51,408,976
1 January 2014	31,358,513	15,267,007	2,429,506	58,676	1,949,574	345,700	51,408,976
Additions	-	156,227	251,595	1,514,667	436,395	74,425	2,433,309
Impairment	-	(2,339)	(52,636)	-	-	-	(54,975)
Reclassifications	-	30,855	1,397	(34,161)	1,909	-	-
Write offs	-	-	-	(3,860)	-	-	(3,860)
Disposals	-	-	-	-	-	(2,800)	(2,800)
31 December 2014	31,358,513	15,451,750	2,629,862	1,535,322	2,387,878	417,325	53,780,650
Accumulated depreciation and impairment losses							
1 January 2013	-	702,260	669,446	-	1,029,118	137,896	2,538,720
Depreciation for the year	-	345,671	381,581	-	490,778	84,836	1,302,866
Balance as at 31 Dec 2013	-	1,047,931	1,051,027	-	1,519,896	222,732	3,841,586
1 January 2014	-	1,047,931	1,051,027	-	1,519,896	222,732	3,841,586
Depreciation for the year	-	353,318	394,071	-	231,269	47,425	1,026,083
Disposals	-	-	-	-	-	(2,800)	(2,800)
Impairment	-	(165)	(27,817)	-	-	-	(27,982)
31 December 2014	-	1,401,084	1,417,281	-	1,751,165	267,357	4,836,887
Net Book value							
At 1 January 2014	31,358,513	14,219,076	1,378,479	58,676	429,678	122,968	47,567,390
At 31 December 2014	31,358,513	14,050,666	1,212,581	1,535,322	636,713	149,968	48,943,703
Company							
	Freehold Land	Leasehold Building	Plant & Machinery	Capital work in progress	Computer Equipment and Furniture and Fittings	Motor Vehicle	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
1 January 2013	30,872,625	14,253,372	1,941,479	29,813	1,516,763	263,890	48,877,942
Additions	-	-	125,663	294	178,615	73,710	378,282
Reclassifications	-	-	9,817	(9,817)	-	-	-
Disposals	-	-	-	-	-	(2,734)	(2,734)
31 December 2013	30,872,625	14,253,372	2,076,959	20,290	1,695,378	334,866	49,253,490
1 January 2014	30,872,625	14,253,372	2,076,959	20,290	1,695,378	334,866	49,253,490
Additions	-	131,204	140,353	1,394,197	421,806	74,425	2,161,985
Disposals	-	-	-	-	-	(2,800)	(2,800)
31 December 2014	30,872,625	14,384,576	2,217,312	1,414,487	2,117,184	406,491	51,412,675
Accumulated depreciation and impairment losses							
1 January 2013	-	658,252	583,809	-	870,561	131,839	2,244,461
Charge for the year	-	323,257	318,148	-	460,326	82,930	1,184,661
31 December 2013	-	981,509	901,957	-	1,330,887	214,769	3,429,122
1 January 2014	-	981,509	901,957	-	1,330,887	214,769	3,429,122
Charge for the year	-	325,186	327,707	-	199,414	46,296	898,603
Disposals	-	-	-	-	-	(2,800)	(2,800)
31 December 2014	-	1,306,695	1,229,664	-	1,530,301	258,265	4,324,925
Net Book Value							
At 1 January 2014	30,872,625	13,271,863	1,175,002	20,290	364,491	120,097	45,824,368
At 31 December 2014	30,872,625	13,077,881	987,648	1,414,487	586,883	148,226	47,087,750

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11 Intangible Assets

	Goodwill	Group Computer software	Total	Company Computer software
Cost	N'000	N'000	N'000	N'000
1 January 2013	1,974,756	90,899	2,065,655	86,899
Additions	-	1,155	1,155	-
Disposals	-	-	-	-
31 December 2013	1,974,756	92,054	2,066,810	86,899
Balance at 1 January 2014	1,974,756	92,054	2,066,810	86,899
Additions	-	6,128	6,128	-
Disposals	-	-	-	-
31 December 2014	1,974,756	98,182	2,072,938	86,899
Accumulated amortisation				
1 January 2013	-	18,227	18,227	17,228
Amortisation for the year	-	11,363	11,363	10,863
31 December 2013	-	29,590	29,590	28,091
Balance at January 1, 2014	-	29,590	29,590	28,091
Amortisation for the year	-	13,711	13,711	10,862
31 December 2014	-	43,301	43,301	38,953
Net Book Value				
1 January 2014	1,974,756	62,464	2,037,220	58,808
31 December 2014	1,974,756	54,881	2,029,637	47,946

The group determines at each reporting date whether there is any objective evidence that intangible assets are impaired. The remaining amortisation period for computer software cost is between 3 to 6 years. Goodwill is not amortised but tested for impairment annually.

The group periodically evaluates its non-current assets for impairment, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The group's judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the business. Future events could cause management to conclude that impairment indicators exist.

11.1 Goodwill

Goodwill arose from the excess of the consideration over acquisition-date fair values of identifiable assets and liabilities of Transcorp Hotels Calabar Limited acquired as disclosed in Note 12. The goodwill amount relates to pre-existing goodwill from previous acquisition of Transcorp Hotels Calabar Limited. No additional goodwill was recorded in the period.

In assessing goodwill for impairment at 31 December 2014 and 2013, the Company compared the aggregate recoverable amount of the assets included in the CGU to its respective carrying amounts. Recoverable amount has been determined based on the value in use of the CGUs using five year cash flow budgets approved by directors that made maximum use of observable markets for inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates that do not exceed the long-term average growth rate for the business. 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.

The key assumptions used for the value-in-use calculations are as follows:

	31 Dec 2014	31 Dec 2013
Budgeted gross margin %	64%	70%
Weighted average growth rate	6%	6%
Pre-tax discount rate	17%	17%
Recoverable amount of CGU	3,565,145	3,565,145

Reasonably possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

Goodwill has been allocated to the following CGU as follows

	31 Dec 2014 N'000	31 Dec 2013 N'000
Transcorp Hotels Calabar Limited (THCL)	1,974,756	1,974,756

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12 Investment in Subsidiary

	Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000
Investment in Transcorp Hotels Calabar	3,508,621	2,163,621
	<u>3,508,621</u>	<u>2,163,621</u>

Movement in investment in subsidiaries is analysed as follows:

	Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000
At beginning of year		
Additions - cost	2,163,621	2,163,621
At end of year	1,345,000	-
	<u>3,508,621</u>	<u>2,163,621</u>

Addition in the year relates to the capitalisation of receivables from Transcorp Hotels Calabar Limited.

On 30 September 2012, Transcorp Hotels Plc acquired 100% shareholding in Transcorp Hotels Calabar Limited.

The fair values of the assets and liabilities of Transcorp Hotels Calabar Limited as at 30 September 2012 is shown below.

Non current Assets	1,816,319
Current Assets (excluding cash and cash equivalents)	83,101
Cash and Cash equivalents	26,232
Total Assets	<u>1,925,652</u>
Non current liabilities	-
Current liabilities	1,736,787
Net Assets	<u>188,865</u>
Purchase consideration	<u>2,163,621</u>
Excess of purchase consideration over equity acquired / Goodwill	<u>1,974,756</u>
Cash flow on acquisition	
Purchase Consideration	2,163,621
Net Cash and Cash equivalents acquired	26,232
Net Cash flow on acquisition	<u>2,137,389</u>

13 Investment Property

Investment property as at 31 December 2014 relates to the 10,141.19 Sq Meters of land situate, lying and being at Ikegwerre street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria, leased out on 1 December 2014.

As at 31 December 2014, the rental income from investment properties amount to N333,000. No other expense was incurred in the year.

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Investment Property (Land)	1,138,164	-	1,138,164	-
	<u>1,138,164</u>	<u>-</u>	<u>1,138,164</u>	<u>-</u>

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14 Deferred tax

	Accelerated Tax Depreciation	Fair value gains on revaluation	Provisions	Tax Losses charged to P&L	Total
Group					
Opening balance - 1 January 2013	1,259,955	6,292,305	(576,125)	303,273	7,279,408
Adjustment to opening balance	-	(7,687)	-	-	(7,687)
Charged /(Credited) to income statement	(142,620)	-	475,435	(6,243)	326,572
As at 31 December 2013	<u>1,117,335</u>	<u>6,284,618</u>	<u>(100,690)</u>	<u>297,030</u>	<u>7,598,293</u>
Opening balance - 1 January 2014	1,117,335	6,284,618	(100,690)	297,030	7,598,293
Charged /(Credited) to income statement	(94,437)	-	-	-	(94,437)
As at 31 December 2014	<u>1,022,898</u>	<u>6,284,618</u>	<u>(100,690)</u>	<u>297,030</u>	<u>7,598,856</u>
Company					
Opening balance - 1 January 2013	1,259,956	6,292,305	(576,125)	-	6,976,136
Adjustment to opening balance	-	(6,956)	-	-	(6,956)
Charged /(Credited) to income statement	(142,620)	-	459,541	-	316,921
As at 31 December 2013	<u>1,117,336</u>	<u>6,285,349</u>	<u>(116,584)</u>	<u>-</u>	<u>7,286,101</u>
Opening balance - 1 January 2014	1,117,336	6,285,349	(116,584)	-	7,286,101
Charged /(Credited) to income statement	(70,947)	-	-	-	(70,947)
As at 31 December 2014	<u>1,046,389</u>	<u>6,285,349</u>	<u>(116,584)</u>	<u>-</u>	<u>7,215,154</u>

15 Inventories

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	N'ooo	N'ooo	N'ooo	N'ooo
Food and beverage	149,318	148,244	125,249	137,587
Fuel	14,820	9,020	10,169	5,654
Engineering spares	571,562	627,523	566,435	624,540
Guest supplies	115,185	169,744	106,882	166,433
	<u>850,885</u>	<u>954,531</u>	<u>808,735</u>	<u>934,214</u>
Less impairment	<u>(30,600)</u>	<u>(30,600)</u>	<u>(29,635)</u>	<u>(29,635)</u>
	<u>820,285</u>	<u>923,931</u>	<u>779,100</u>	<u>904,579</u>

All inventory are stated at cost. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to N1.598 billion (Company: N1.489 billion).

16 Trade and other receivables

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	N'ooo	N'ooo	N'ooo	N'ooo
Trade receivables	1,373,197	1,323,932	1,242,136	1,196,475
Less: Provision for impairment of trade receivables	<u>(148,653)</u>	<u>(140,562)</u>	<u>(128,661)</u>	<u>(119,933)</u>
Trade receivables - net	1,224,544	1,183,370	1,113,475	1,076,542
Prepayments	321,004	56,876	314,131	56,876
Due from related companies (Note 20)	9,990,773	5,303,657	10,451,991	6,857,853
Other receivables	<u>851,089</u>	<u>878,786</u>	<u>790,329</u>	<u>858,325</u>
	<u>12,387,410</u>	<u>7,422,689</u>	<u>12,669,926</u>	<u>8,849,596</u>

Transcorp Hotels Plc
Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

17 Cash and bank balances

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Cash in hand	10,093	10,968	9041	8,637
Cash in bank	2,678,485	8,627,886	2,615,884	8,581,165
	<u>2,688,578</u>	<u>8,638,854</u>	<u>2,624,925</u>	<u>8,589,802</u>

17.1 For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Cash and Bank balances	2,688,578	8,638,854	2,624,925	8,589,802
	<u>2,688,578</u>	<u>8,638,854</u>	<u>2,624,925</u>	<u>8,589,802</u>

18 Trade and Other Payables

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Trade payables	429,942	467,092	385,861	412,983
VAT payable	319,677	316,258	319,677	298,562
Accrued liabilities	4,408,662	700,580	4,283,267	645,230
Due to related parties (Note 20)	15,271	3,857,206	-	3,861,368
Deposits from guests	162,748	859,610	162,748	859,613
Deposit for shares	-	4,000,000	-	4,000,000
WHT Payable	1,846,705	1,514,874	1,842,501	1,513,708
Unearned income	92,331	52,217	92,331	50,869
Total	<u>7,275,336</u>	<u>11,767,837</u>	<u>7,086,385</u>	<u>11,642,333</u>

VAT Payable

The movement in the VAT payable balance is as follows;

At start of year	316,258	124,219	298,562	99,520
Charge to profit and loss account	621,904	675,268	622,336	660,846
Paid in the year	(618,485)	(483,229)	(601,221)	(461,804)
At end of year	<u>319,677</u>	<u>316,258</u>	<u>319,677</u>	<u>298,562</u>

18.1 Intercompany payable

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Payable to Transcorp Plc (Parent)	15,271	1,956,096	-	1,956,096
Payable to Hilton LLC (Associate)	-	48,910	-	48,910
Payable to THCL (Subsidiary)	-	-	-	4,162
Payable to BPE/MOFI (Shareholder)	-	1,852,200	-	1,852,200
	<u>15,271</u>	<u>3,857,206</u>	<u>-</u>	<u>3,861,368</u>

Loans are interest free and are repayable on demand by Transcorp Hotels Plc

Transcorp Hotels Plc
Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

19 Financial Instruments and fair values
Measurement Categories

The following table shows the carrying values of financial assets and liabilities for each of these categories at 31 December 2014 and 31 December 2013

Group

	31 Dec 2014 N'000	31 Dec 2013 N'000
<i>Financial Assets</i>		
Loans and receivables		Loans and receivables
Trade and other receivables	12,387,410	7,422,689
Cash and cash equivalents	2,688,578	8,638,854
	<u>15,075,988</u>	<u>16,061,543</u>

	31 Dec 2014 N'000	31 Dec 2013 N'000
<i>Financial Liabilities</i>		
Other financial Liabilities		Other financial Liabilities
Trade payables and other liabilities	7,275,336	11,767,837
	<u>7,275,336</u>	<u>11,767,837</u>

Company

	31 Dec 2014 N'000	31 Dec 2013 N'000
<i>Financial Assets</i>		
Loans and receivables		Loans and receivables
Trade and other receivables	12,669,926	8,849,596
Cash and cash equivalents	2,624,925	8,589,802
	<u>15,294,851</u>	<u>17,439,398</u>

	31 Dec 2014 N'000	31 Dec 2013 N'000
<i>Financial Liabilities</i>		
Other financial Liabilities at amortised cost		Other financial Liabilities at amortised cost
Trade payables	385,861	412,983
Intercompany payables	-	3,861,368
	<u>385,861</u>	<u>4,274,351</u>

Transcorp Hotels Plc
Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

20 Related Party transactions

The parent company of the company is Transnational Corporation of Nigeria Plc. The company is owned by Nigerian citizens.

Heirs Holding Nigeria Limited has controlling power in Transnational Corporation of Nigeria hence is the ultimate holding company of the Group.

A number of transactions are entered into with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the year-end, and relating expense and income for the year are as follows:

	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Sales to Transnational Corporation of Nigeria Plc (Holding Company)	66,869	63,416	65,659	63,416
Afriland Properties Plc (Related Party)	103,885	30,000	103,885	30,000
Heirs Holdings (Related Party)	16,217	10,539	16,083	10,539
Avon Healthcare Limited (Related Party)	11,384	8,182	8,182	8,182

Year-end balances arising from sales/purchases of goods/services.

20.1 Receivables from related parties

Transnational Corporation Nigeria Plc (Holding company)	5,967,018	3,478,110	5,966,484	3,478,110
Due From-Heirs Holding Nigeria Limited	2,290,022	10,639	2,290,022	10,639
Due From-Transcorp Hotel Calabar	-	-	461,752	1,554,196
Due From -Transcorp Ughelli Power Plant	1,710,210	-	1,710,210	-
Due From-Teragro Commodities Limited	6,334	-	6,334	-
Due from Transcorp Energy Limited	15,525	-	15,525	-
Due from Transcorp OPL 281 Limited	1,664	-	1,664	-
Due from intercompany projects	-	1,814,908	-	1,814,908
	<u>9,990,773</u>	<u>5,303,657</u>	<u>10,451,991</u>	<u>6,857,853</u>

20.2 Long term Intercompany Receivables

Long term Intercompany Receivables	<u>1,616,010</u>	<u>-</u>	<u>1,616,010</u>	<u>-</u>
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Long term Intercompany receivables relates to total amount incurred on on-going projects at Transcorp Hotels Port Harcourt.

21 Staff numbers and costs

The table below shows the number of employees (excluding directors), who earned over N240,000 as emoluments in the year and were within the bands stated.

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
N200,000 - N500,000	767	747	704	596
N501,001 - N1,000,000	631	715	611	694
N1,000,001 - N2,000,000	153	106	149	104
N2,000,001 - N4,000,000	35	61	30	61
Above N5,000,000	26	32	21	32
	<u>1,612</u>	<u>1,661</u>	<u>1,515</u>	<u>1,487</u>
Staff Numbers per Grade				
Managerial	32	28	22	21
Senior staff	182	63	163	42
Others	<u>1,398</u>	<u>1,570</u>	<u>1,330</u>	<u>1,424</u>
	<u>1,612</u>	<u>1,661</u>	<u>1,515</u>	<u>1,487</u>

Transcorp Hotels Plc
Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

Staff costs for the above persons (excluding Directors):

	Group		Company	
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Salaries and wages	2,175,014	1,615,599	2,036,472	1,496,929
Gratuity termination and Pension cost	-	368,647	-	356,643
	<u>144,474</u>	<u>112,535</u>	<u>141,319</u>	<u>109,352</u>
	<u>2,319,488</u>	<u>2,096,782</u>	<u>2,177,791</u>	<u>1,962,924</u>
Analysis of staff costs:				
Cost of sales	1,199,334	1,129,910	1,114,842	1,049,331
Administrative and general expenses	<u>1,120,154</u>	<u>966,872</u>	<u>1,062,949</u>	<u>913,593</u>
	<u>2,319,488</u>	<u>2,096,782</u>	<u>2,177,791</u>	<u>1,962,924</u>

Emoluments of directors

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
The remuneration paid to the Directors of the Company was:				
Salaries	93,532	88,348	93,532	88,348
Fees	64,921	64,016	64,471	64,016
Exit package	28,373	83,280	28,373	83,280
Benefit in kind	51,229	-	51,229	-
	<u>238,055</u>	<u>235,644</u>	<u>237,605</u>	<u>235,644</u>
Amount paid to the highest paid director (excluding pension contributions)	<u>22,592</u>	<u>65,750</u>	<u>22,592</u>	<u>65,750</u>
Chairman's emoluments				
Fees	13,592	13,988	13,592	13,988
Others	<u>9,000</u>	<u>11,220</u>	<u>9,000</u>	<u>11,220</u>
	<u>22,592</u>	<u>25,208</u>	<u>22,592</u>	<u>25,208</u>

22 Key management compensation

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

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Salaries and other short-term employee benefit:	97,531	221,283	97,531	99,480
Post employment benefits	-	14,904	-	2,899
	<u>97,531</u>	<u>236,187</u>	<u>97,531</u>	<u>102,379</u>

The number of directors of the company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the company fell within the following ranges:

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013 Number
Less than N700,000	7	7	7	7
Over N700,000	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
	<u>9</u>	<u>8</u>	<u>9</u>	<u>8</u>

Transcorp Hotels Plc
Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

23 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit after taxation by the weighted average number of ordinary shares outstanding during the year. The adjusted EPS is calculated using the weighted average number of shares in issue at reporting date.

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Profit attributable to owners	3,220,615	4,409,305	3,330,290	4,447,797
Weighted average number of ordinary shares in issue	5,423,867	5,000	5,423,867	5,000
Basic Earnings per share (Kobo)	<u>59</u>	<u>88,186</u>	<u>61</u>	<u>88,956</u>
Diluted Earnings per share (Kobo)	<u>59</u>	<u>88,186</u>	<u>61</u>	<u>88,956</u>

Weighted Average Computation

No of share	Period	Weighted average
10,000	12	10,000
7,172,000	9	5,379,000
<u>418,404</u>	1	<u>34,867</u>
<u>7,600,404</u>		<u>5,423,867</u>

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
PAT (N'000)	3,220,615	4,409,305	3,330,290	4,447,797
Basic(kobo)	59	88,186	61	88,956
Diluted(kobo)	59	88,186	61	88,956
Basic EPS as restated(kobo)	<u>59</u>	<u>81</u>	<u>61</u>	<u>82</u>

24 Share capital

	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Authorised: 15,000,000,000 ordinary shares of 50k each	15,000,000	10,000	15,000,000	10,000
	31 Dec 2014 N'000	31 Dec 2013 N'000	31 Dec 2014 N'000	31 Dec 2013 N'000
Issued, called up and fully paid 7,600,403,900 ordinary shares of 50k each	<u>3,800,202</u>	<u>5,000</u>	<u>3,800,202</u>	<u>5,000</u>

Share premium

	31 Dec 2014 N'000	31 Dec 2013 N'000
At 1 January	-	-
Initial Public Offer	3,974,837	-
Right issue	3,984,000	-
Bonus shares	(3,570,000)	-
Share issue expense	(354,426)	-
At 31 December	<u>4,034,411</u>	-

Initial Public Offer for Transcorp Hotels Plc. (THP)

The authorized share capital of Transcorp Hotels Plc was increased in March 2014 from N10 million (made up of 10,000,000 ordinary shares of N1 each) to N30 million (made up of 30,000,000 ordinary shares of N1 each) by the creation of an additional 20,000,000 ordinary shares of N1 each. The Company's authorized share capital was subsequently increased in June 2014, to N7.5 billion (made up of 15,000,000,000 ordinary shares of 50 kobo each) by the creation of an additional 14,940,000,000 ordinary shares of 50 kobo.

Transcorp Hotels Plc
Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

In September 2014, Transcorp Hotels Plc declared an initial public offering of 800 million ordinary shares of 50 kobo each at N10 per share. The offer was not fully subscribed; a total of 418,403,900 of 50k per share was sold for N10. Total proceeds from the public offer was N4,184,039,000 out of which N354,426,405 was incurred on share issue expenses. These expenses have been netted off with the proceeds resulting in a net proceeds of N3,829,612,595. The ordinary shares issued have the same rights as the other shares in issue.

25 Cash generated from operating activities

	Group		Company	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	N'000	N'000	N'000	N'000
Profit before tax	4,262,271	5,719,176	4,368,242	5,760,960
Adjustment for non cash items				
Depreciation of fixed assets	1,026,083	1,302,864	898,603	1,184,660
Amortisation of intangible assets	13,711	11,363	10,862	10,863
Fixed asset impairment and write off	30,488	-	-	-
Profit on disposal of property plant and equipm	(542)	(346)	(542)	(347)
Other adjustments to reconcile expenses for the year to cash from				
Increase in debtors and prepayment	(4,964,721)	(2,274,480)	(3,820,330)	(2,337,401)
Increase in long term receivables	(1,616,010)	-	(1,616,010)	-
Decrease in inventory	103,646	62,378	125,479	65,303
Decrease in payables and accrued expenses	(4,497,516)	5,888,377	(4,555,948)	5,708,044
Decrease in retirement benefit obligation	-	(1,752,797)	-	(1,556,386)
Net cash generated from operations	(5,642,590)	8,956,535	(4,589,644)	8,835,696

26 Capital commitments

The group and company has committed N 1.7 billion (2012: N507 million) in capital expenditure for hotel expansion.

27 Contingent liabilities

The group is involved in some legal action in the ordinary course of the business. Based on the advice from the group's legal counsel, the directors are of the opinion that the group has good defense against the claims and no material loss is anticipated.

28 Dividend per Share

The interim dividends paid in 2014 and 2013 were N2,812,147 (37k per share) and N4,200,000 (84,000k per share) respectively.

An interim dividend in respect of the year ended 31 December 2014 of 37k per share amounting to a total dividend of N2,812,149,433 was proposed at the 48th meeting of the Board of Directors of Transcorp Hotels Plc held on 17 December 2014.

Transcorp Hotels Plc
Statement of Value Added
For the year ended 31 December 2014

	Group				Company			
	2014 N'000	%	2013 N'000	%	2014 N'000	%	2013 N'000	%
Revenue	15,104,796		15,348,722		14,486,575		14,768,454	
Other income	417,222		449,491		414,891		449,491	
	<u>15,522,018</u>		<u>15,798,213</u>		<u>14,901,466</u>		<u>15,217,945</u>	
Bought in services								
- Foreign	(2,894,578)		(1,245,908)		(2,620,171)		(1,023,914)	
- Local	<u>(1,929,719)</u>		<u>(830,605)</u>		<u>(1,746,781)</u>		<u>(682,609)</u>	
	<u>(4,824,297)</u>		<u>(2,076,513)</u>		<u>(4,366,952)</u>		<u>(1,706,523)</u>	
Value added	<u>10,697,721</u>	100%	<u>13,721,700</u>	100%	<u>10,534,514</u>	100%	<u>13,511,422</u>	100%
Distribution								
Employees								
Salaries and benefits	2,319,488	22%	2,096,782	15%	2,177,791	21%	1,962,924	15%
Provider of funds								
Dividend	2,812,149	26%	4,200,000	31%	2,812,149	27%	4,200,000	30%
Government								
Taxation	1,319,385	12%	1,712,749	15%	1,315,681	12%	1,716,041	13%
The Future								
Depreciation	1,026,083	10%	1,302,864	9%	898,603	8%	1,184,660	9%
Retained profit	<u>3,220,615</u>	30%	<u>4,409,305</u>	30%	<u>3,330,290</u>	32%	<u>4,447,797</u>	33%
	<u>10,697,721</u>	100%	<u>13,721,700</u>	100%	<u>10,534,514</u>	100%	<u>13,511,422</u>	100%

Transcorp Hotels Plc
Five Year Financial Summary
For the year ended 31 December 2014

Prepared
under local
GAAP

The Group

	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Balance sheet					
Non-current asset	53,727,574	49,604,610	50,470,194	47,433,601	6,434,622
Current asset	15,896,273	16,985,474	11,264,473	13,773,330	15,100,923
Current liabilities	(10,367,921)	(15,477,800)	(10,112,811)	(7,523,097)	(11,484,526)
Non-current liabilities	(7,503,856)	(7,598,293)	(8,317,170)	(8,909,671)	(2,395,751)
Net assets	51,752,070	43,513,991	43,304,686	44,774,163	7,655,268
Capital and reserves					
Share capital	3,800,202	5,000	5,000	5,000	5,000
Share premium	4,034,411	-	-	-	-
Revenue reserves	43,917,457	43,508,991	43,299,686	44,769,163	7,650,268
	51,752,070	43,513,991	43,304,686	44,774,163	7,655,268
Comprehensive income					
Revenue	15,104,796	15,384,722	13,258,127	13,724,724	13,641,192
Profit before taxation	4,540,000	6,122,054	4,049,543	5,425,878	6,001,262
Taxation	(1,319,385)	(1,712,749)	(1,139,749)	1,531,142	(1,547,499)
Profit after taxation	3,220,615	4,409,305	2,909,794	6,957,020	4,453,763
Other comprehensive income for the year, net of tax	-	-	180,919	-	-
Total comprehensive income for the year, net of tax	3,220,615	4,409,305	3,090,713	6,957,020	4,453,763
Basic earnings per share (kobo)	59	88,186	58,196	139,140	89,075

Company

Balance sheet					
Non-current asset	53,398,491	48,046,797	48,867,133	47,433,601	6,434,622
Current asset	16,073,951	18,343,977	12,610,725	13,773,330	15,100,923
Current liabilities	(10,167,820)	(15,362,959)	(10,166,454)	(7,523,097)	(11,484,526)
Non-current liabilities	(7,215,154)	(7,286,101)	(7,817,487)	(8,909,671)	(2,395,751)
Net assets	52,089,468	43,741,714	43,493,917	44,774,163	7,655,268
Capital and reserves					
Share capital	3,800,202	5,000	5,000	5,000	5,000
Share premium	4,034,411	-	-	-	-
Revenue reserves	44,254,855	43,736,714	43,488,917	44,769,163	7,650,268
	52,089,468	43,741,714	43,493,917	44,774,163	7,655,268
Comprehensive income					
Revenue	14,486,575	14,768,454	12,755,193	13,724,724	13,641,192
Profit before taxation	4,645,971	6,163,838	4,250,106	5,425,878	6,001,262
Taxation	(1,315,681)	(1,716,041)	(1,151,081)	1,531,142	(1,547,499)
Profit after taxation	3,330,290	4,447,797	3,099,025	6,957,020	4,453,763

The balances for 2014, 2013, 2012 and 2011 have been stated in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standard Board (IASB). For the year ended 31 December 2010, the balances have been stated in accordance with local General Accepted Accounting Practice (Local GAAP).