transcorp Hotels

2019 ANNUAL REPORT AND FINANCIAL STATEMENTS

Redefining Hospitality Standards

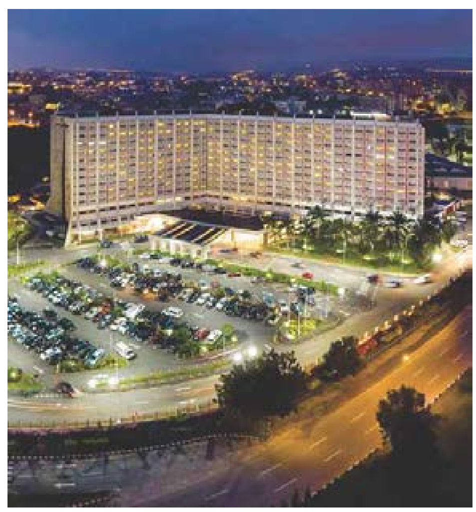
TABLE OF CONTENTS

CORPORATE PROFILE

Transcorp Hotels Plc is the hospitality subsidiary of Transnational Corporation of Nigeria Plc and owners of the award-winning Transcorp Hilton Abuja and Transcorp Hotels Calabar.

With hospitality experience spanning over 30 years, Transcorp Hotels Plc aims to be Africa's leading hospitality brand, starting from Nigeria but building a strong footprint in cities across Africa.

Transcorp Hotels' brands are individually distinctive and collectively powerful. Our growing portfolio of award winning and innovative properties, which have won several local and international awards, are paving the way for superior guest experience and excellent service delivery across our key locations.



PURPOSE

Through ownership of choice assets and provision of extraordinary service, Transcorp Hotels Plc is re-defining hospitality standards in the continent, whilst remaining truly and authentically African.

CORPORATE GOALS

a) Own choice assets
b) Provide extraordinary service
c) Re-define hospitality standards on the Continent
d) Remain truly and authentically African.

CORE VALUES – 3Es

Our values drive us towards a common sense of purpose to create long-lasting value for our stakeholders. These values, which are deeply rooted in our employees, are the bedrock of our business beliefs, practices, culture and philosophies that have been tested and proven over time to bring out the best in us.

ENTERPRISE

Ingenuity
Determination
Hard work

Having the willingness and determination to do whatever it legitimately and ethically takes to get the job done. In a competitive business environment, what sets us apart is our individual and collective responsibility to take ownership of our deliverables and lead innovative initiatives.

EXCELLENCE

Quality
Distinction
Exceptionalism

Delivering in an outstanding manner, consistently. Excellence is a mantra embedded in the heart of every employee. We go several steps beyond the norm to deliver measurable value to our stakeholders.

EXECUTION

Getting things done
Ownership & Accountability
Responsiveness

A burning desire to always see things through to completion in a timely, efficient and effective manner. We believe in hard work and seeing ideas through, from conception all through to achieving excellent results.

RESULTS AT A GLANCE

For the year ended 31 December	Group 2019 N'Million	2018 N'Million	± %
Gross Earnings*	20,915	18,008	16%
Cost of Sales	5,076	4,536	(12%)
Gross Profit	15,328	12,889	19%
Administrative Expenses	10,411	8,431	(23%)
Finance Cost	4,303	-	(100%)
Profit Before Tax	1,124	5,042	(78%)
Profit After Tax	614	3,714	(83%)
As at 31 December			
Non-Current Assets	108,777	105,445	3%
Current Assets	5,970	5,833	2%
Total Assets	114,746	111,278	3%
Share Capital	3,800	3,800	-
Shareholders Fund	57,545	57,462	0.15%
Number of Employees	1,452	1,316	10%

For the year ended 31 December	Company 2019 N'Million	2018 N'Million	± %
Gross Earnings*	20,049	17,257	16%
Cost of Sales	4,782	4,234	(13%)
Gross Profit	14,718	12,242	20%
Administrative Expenses	9,831	7,836	(25%)
Profit Before Tax	1,134	5,187	(78%)
Profit After Tax	634	3,876	(84%)
As at 31 December			
Non-Current Assets	106,361	103,063	3%
Current Assets	5,885	5,722	3%
Total Assets	112,246	108,786	3%
Share Capital	3,800	3,800	-
Shareholders Fund	57,739	57,638	0.2%
Number of Employees	1,374	1,237	11%
Per Share Data			
Earnings per share (kobo)	8	51	(84%)
Net assets per share (kobo)	760	758	0.3%

*Gross earnings include net other income and finance income

BOARD OF DIRECTORS

Mr. Emmanuel Nnorom	-	Chairman (Appointed 13 January 2014 and as Chairman on 16 October 2018)
Mrs. Owen Omogiafo	-	Managing Director (Appointed 1 January 2019)
Ms. Okaima Ohizua*	-	Executive Director (Appointed 1 June 2013; Resigned 10 February 2020)
Mrs Helen Iwuchukwu**	-	Executive Director/Chief Operating Officer (Appointed 12 February 2020)
Mr. Valentine Ozigbo	-	Non-Executive Director (Appointed 10 October 2011 and as NED on 1 January 2019)
Mr. Peter Elumelu	-	Non-Executive Director (Appointed 11 November 2014)
Mr. Adim Jibunoh	-	Non-Executive Director (Appointed 23 March 2016)
Mr. Alex Okoh	-	Non-Executive Director (Appointed 28 April 2017)
Dr. Bakari Wadinga***	-	Non-Executive Director (Appointed 7 October 2016; Resigned 15 July 2019)
Mr. Alexander Adeyemi	-	Non-Executive Director (Appointed 15 July 2019)
Hajia Saratu Umar	-	Independent Non-Executive Director (Appointed 7 October 2016)

*Following Ms. Okaima Ohizua's appointment as Executive Director/Chief Operating Officer, Transcorp Power Limited, she resigned as the Executive Director Customer Services of Transcorp Hotels Plc on 10 February 2020.

**Following Mrs. Helen Iwuchukwu's appointment as the Executive Director/Chief Operating Officer of Transcorp Hotels Plc, she resigned as the Group Company Secretary on 11 February 2020.

***Following Dr. Bakari Wadinga's appointment as a Permanent Secretary, he resigned from the Board on 15 July 2019. He was replaced by Mr Alexander Adeyemi as a representative of Ministry of Finance Incorporated (MOFI).

OFFICERS AND PROFESSIONAL ADVISERS

Acting Group Company Secretary*
Mr. Chike Anikwe

Registered Office
1, Aguiyi Ironsi Street
Maitama, Abuja

Registration number:
RC 248514

Auditors
Ernst & Young
10th & 18th Floors, UBA House
57, Marina, Lagos
Nigeria.

Registrar and Transfer Officer
Africa Prudential Plc
220B Ikorodu Road, Palmgrove, Lagos
Tel: 01-4612373-76

Bankers
United Bank for Africa Plc
UBA House
57, Marina, Lagos
Nigeria.

Rating Company	Company	Bond
Global Credit Rating Company	Long term (National): A- (NG)	National A- (NG)
	Short term (National): A2 (NG)	National A- (NG)
Agusto& Co. Limited	Bbb	Bbb

*Helen Iwuchukwu resigned on 11 February 2020 as the Group Company Secretary; Chike Anikwe has been appointed as the Acting Group Company Secretary.

DIRECTORS' PROFILE

Mr. Emmanuel N. Nnorom
Chairman

Mr. Emmanuel N. Nnorom is currently the Group Chief Executive Officer (GCEO) of Heirs Holdings Limited. Prior to this appointment, he served as President/GCEO of Transnational Corporation of Nigeria Plc (Transcorp) and was President/Chief Operating Officer (COO) of Heirs Holdings Ltd (HH). Prior to joining HH, Mr. Nnorom held strategic positions in United Bank for Africa Plc (UBA) including being the CEO, UBA Africa overseeing the bank's operations outside Nigeria and executing its corporate strategy in 18 African countries. Other senior roles within UBA included Group COO UBA, followed by his appointment as UBA's Group CFO, with responsibility for Finance and Risk.

He is a Chartered Accountant with over 3 decades of professional experience in the corporate and financial sectors, working with publicly listed companies.

Mr. Nnorom is an alumnus of the Oxford University's Templeton College, and Prize winner and Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Bankers of Nigeria (CIBN). He was appointed to the Board on 13 January 2014 and as Chairman on 16 October 2018.

Mrs. Owen Omogiafo
MD/CEO

Mrs. Owen Omogiafo is the Managing Director/CEO of Transcorp Hotels Plc where she oversees the Company's strategic objectives at its properties, Transcorp Hilton Abuja and Transcorp Hotels Calabar.

Owen has over two decades of corporate experience in organisational development, human capital management, banking, change management and hospitality. Prior to joining Transcorp Hotels Plc, Mrs. Omogiafo was the Executive Director, Corporate Services at Transnational Corporation of Nigeria Plc (Transcorp) where she drove operational efficiency across the Transcorp Group. Before joining Transcorp in July 2018, Owen was the Chief Operating Officer at the Tony Elumelu Foundation, where she oversaw the $100m Programme aimed at identifying, mentoring and funding 10,000 entrepreneurs over 10 years. She has also been the Director of Resources at Heirs Holdings Limited, a family-owned investment company chaired by Tony O. Elumelu, CON. Owen's past experience includes working at the United Bank for Africa Plc as HR Advisor to the GMD/CEO, and at Accenture as an Organisation and Human Performance Consultant, specializing in Change Management.

She holds a B.Sc. in Sociology & Anthropology from the University of Benin, an M.Sc. in Human Resource Management from the London School of Economics and Political Science and is an alumnus of the Lagos Business School and IESE Business School, Spain. She is also a member of the Chartered Institute of Personnel and Development, UK, a certified Change Manager with the Prosci Institute, USA, a member of the Institute of Directors (IoD) Nigeria and a member of the Board of Avon Healthcare Limited, where she sits on the Board Finance, Investment & Risk Committee and the Board Audit & Governance Committee.

Owen was in 2019 recognised as one of the Top 100 Female CEOs in Africa by Reset Global People and as one of Nigeria's Leading Ladies in Corporate Nigeria by Leading Ladies Africa. In 2018, she was recognised by The Guardian as one of Nigeria's 100 most inspirational women and has also been named in the YNaija! Power List for Corporate Nigeria. She was appointed to the Board on 1 January 2019.

Ms. Okaima Ohizua
ED Customer Services

Ms. Okaima Ohizua, with over 28 years working experience, was Executive Director – Customer Service of Transcorp Hotels Plc and was pivotal to the upward service transformation at the hotel since joining the Board and the Executive Management Team in 2013 as the first female executive Board member of Transcorp Hotels Plc.

A graduate of law from the University of Benin and called to the Nigerian Bar in 1991 as an Advocate and Solicitor of the Supreme Court of Nigeria, Okaima also holds an Advanced Management Program Certificate from the Lagos Business School Pan-African University. She is an Associate member of WIMBIZ (Women in Management, Business and Public Service) and a member of the Institute of Directors (IoD) Nigeria.

Prior to her Board appointment, she served as the Chief of Staff to Mr. Tony O. Elumelu, CON, Chairman of Heirs Holdings Limited, a family-owned investment company, and had also worked in reputable international organizations such as Citi Group and United Bank for Africa Plc (UBA). At Citibank, over a 15-year period, she served in senior management capacities in sectors as varied and strategic as Customer Service, Sales, Products; and left as Assistant Vice President and Head of Electronic Banking & Implementation. She also held a senior management position at UBA, as Director, Customer Service, spearheading the bank's service transformation journey, as well as being an active member of the female leadership program.

Okaima successfully drove the operational service excellence initiative at both Transcorp Hotels Plc Properties in Calabar and Abuja, with the application of the Kaizen Operation Excellence philosophy, leading to an award for the best Kaizen Case Study in Africa, as well as several other service excellence Awards won by the Properties e.g. the Pearl Award, World Travel Award, Seven Star Awards etc. In 2019, Okaima was recognised as one of the top 50 Leading Ladies in Corporate Nigeria by Leading Ladies Africa.

She resigned in February 2020 and was subsequently appointed as Executive Director & Chief Operating Officer of Transcorp Power Limited.

Mr. Valentine Ozigbo
Non-Executive Director

Mr. Valentine Chineto Ozigbo is the President and Group CEO of Transnational Corporation of Nigeria Plc. Prior to this, he was the Managing Director and CEO of Transcorp Hotels Plc, owner of the Transcorp Hilton Abuja and Transcorp Hotels Calabar, both in Nigeria. He is a banker and Chartered Accountant with over 20 years' experience in commercial, retail, investment and international banking.

Valentine is a graduate of Lancaster University, UK, where he bagged a Distinction in M.Sc Finance. He also has an MBA in Banking & Finance and a B.Sc in Accounting, both from the University of Nigeria (UNN), Nsukka. He is an alumnus of the Global CEO Program of the Lagos Business School, Strathmore University Business School and the IESE Business School .

He is a fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Taxation of Nigeria, the Institute of Credit Administration and the Institute of Tourism Professionals. He is also a Chevening Scholar and a member of the Institute of Directors (IoD) Nigeria.

Prior to joining Transcorp, Valentine spent 17 years in the banking industry and was General Manager and Divisional Head in charge of Global Transaction Banking at Keystone Bank Plc, successor to Bank PHB, Divisional Head of International Banking and Head of Global Strategic Alliances at United Bank for Africa Plc. Valentine has also worked with FSB International Bank Plc (now Fidelity Bank Plc), Continental Trust Bank Limited (now part of UBA) and Diamond Bank Plc. He was appointed to the Board on 10 October 2011.

Mr. Adim Jibunoh
Non-Executive Director

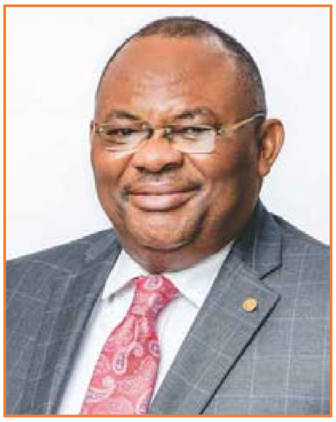
Mr. Adim Jibunoh was the President /GCEO of Transnational Corporation of Nigeria Plc, (a position he retired from in December 2018) where he had the responsibility of overseeing all the Transcorp businesses, including Transcorp Power, Transcorp Hotels Plc and Transcorp Energy.

Prior to that, he was the Director, Business Development at Heirs Holdings Limited, overseeing the non-banking financial services investments in the Group.

Other positions he has held include Investment Executive at the Nigerian Industrial Development Bank (NIDB - now Bank of Industry), Executive Director at Standard Trust Bank Plc, the Chief Executive Officer of Continental Trust Bank. His career in the banking industry spanned over two and a half decades. He is currently Non-Executive Director of United Capital Plc.

Adim is a first-class graduate in Economics from the University of Port Harcourt.

He was appointed to the Board of Transcorp Hotels Plc on 23 March 2016.



Mr. Peter J. Elumelu
Non-Executive Director

Mr. Peter Elumelu holds a Bachelor of Science degree in Business Management from Rivers State University of Science and Technology, Port Harcourt, a Bachelor of Law (LLB) from National Open University of Nigeria and a Master of Science degree in Financial Management Technology from Federal University of Technology Owerri (FUTO). He has attended several local and international courses on corporate governance and risk management.

Peter Elumelu is an astute businessman with over 3 decades of professional experience, cutting across the private and public sectors of the economy. He currently sits on the Board of several companies including Africa Prudential Plc, and of Pet Jibson & Company Limited, where he is the Chairman/CEO. He was the Chairman, Board of Directors of Delta State Urban Water Board, Asaba where he successfully managed and executed various laudable projects. He is also a member of the Institute of Directors (IoD) Nigeria.

He was appointed to the Board of Transcorp Hotels Plc on 11 November 2014.

Mr. Alex Okoh
Non-Executive Director

Mr. Alex Okoh is the Director-General of the Bureau of Public Enterprises (BPE). Until this appointment by the Federal Government on April 13, 2017, he was the Managing Partner of Ashford & McGuire Consulting Ltd. He is a member of the Presidential Economic Advisory Council.

Mr. Okoh has over 35 years experience, 22 of which were in the banking industry. He was the Managing Director/CEO of NNB International Bank Plc from 2001 to 2006, where his visionary leadership took the bank from a comatose state to a position of enhanced value for stakeholders.

He also has over 10 years experience in management consultancy, having functioned as the Managing Partner of Ashford & McGuire Consulting Ltd, a wholly indigenous top consulting firm.

Mr. Okoh is an alumnus of Harvard Business School's Advanced Management Program (AMP); he is also an alumnus of the Global CEO Program of the Lagos Business School, Strathmore University Business School and the IESE Business School. He has also acquired international professional exposure through programs with Citibank New York, Fidelity Bank London, Swiss Banking Corporation Zurich and Grindlays Bank, Zimbabwe. His former employers include Nigeria International Bank Limited (Citibank) and United Bank for Africa Plc.

He studied Sociology at the University of Benin and holds a Masters' degree in Banking & Finance from the University of Ibadan. He was appointed to the Board on 28 April 2017.

Hajia Saratu Umar
Independent Non-Executive Director

Hajia Saratu Umar is a 1989 graduate of B.Sc. Economics from Ahmadu Bello University Zaria, and holder of an MBA degree, with specialization in Finance and Banking. A well-rounded Banker, Economist, Strategist, Investment Promotion Specialist, notable Change Agent and Change Manager, who constantly aims for the goal of improving the Nigerian economy, she has served as the Executive Secretary/CEO of the Nigerian Investment Promotion Commission (NIPC); the first female to hold that position since the establishment of the Commission in 1995.

She has over twenty-six years working experience, with most of them spent in Development Banking where she started as a pioneer staff of NEXIM on April 8, 1992 and traversed/headed all strategic and key departments of the Bank.

Vastly trained, locally and internationally in all core aspects of her banking career, as well as in Leadership, Strategy and Management, she has also worked on various projects with several world-class Management Consultants aimed at corporate transformation/re-engineering/restructuring. She started engaging in Investment Promotion assignments for Nigeria, at least eleven (11) years before being appointed to lead the NIPC, during which she served as speaker (amongst others) in several Trade Missions in Europe, America and Asia aimed at seeking investors for the Country. Hajia Saratu Umar is a Fellow of the American Academy of Financial Management (FAAFM), a certified Chartered Wealth Manager [CWM], a Certified Risk and Compliance Management Professional (CRCMP), a Fellow, Institute of Chartered Economists (FCE), a Senior Associate of the Risk Management Association of Nigeria and a Senior member of the Chartered Institute of Bankers of Nigeria amongst others.

She is also a recipient of local and international awards amongst which is the 2012 International Distinguished Leadership Award. She was appointed to the Board on 7 October 2016.

Mr. Alexander M. Adeyemi
Non-Executive Director

Mr. Alexander M. Adeyemi, FCA, FCTI, mni, has over 25 years finance and accounting experience, working in the public and private sectors including International organizations.

He currently serves as Director, Revenue and Investment in the Office of the Accountant-General of the Federation. An alumnus of Bayero University Kano, he obtained a Master's degree in Business Administration (MBA) from Ahmadu Bello University, Zaria.

He is a Fellow, Institute of Chartered Accountants of Nigeria (ICAN); Fellow, Chartered Institute of Taxation of Nigeria (CITN); and member, Institute of Bankers, London. He is also a member of the Chartered Institute of Public Finance and Accountancy (CIPFA), London and the Certified Information Systems Auditor (CISA) as well as a distinguished Fellow of the National Institute (mni) -National Institute of Policy and Strategic Studies (NIPSS) Kuru, Jos.

He is presently the Director overseeing the affairs of Ministry of Finance Incorporated (MOFI) in the Office of the Accountant-General of the Federation. He was appointed to the Board on 15 July 2019.

Mrs. Helen Iwuchukwu
Executive Director/COO

Mrs. Helen Iwuchukwu is the Executive Director/Chief Operating Officer of Transcorp Hotels Plc. Prior to her appointment on 12 February 2020, she was the Group Company Secretary of Transnational Corporation of Nigeria Plc (Transcorp) where she served as Company Secretary to Transcorp, Transcorp Power, Transcorp Hotels Plc and other companies within the Transcorp Group. She joined Transcorp in 2006 and has held a number of sensitive and key positions at Transcorp and its subsidiaries in different capacities. She was previously the Company Secretary / Legal Adviser for Transcorp Group from October 2009 to February 2012. Helen holds an LL.B (Hons) degree in Law from Abia State University.

She was enrolled as a Solicitor and Advocate of the Supreme Court of Nigerian in 1993 (BL Hons) and holds a Master of Laws degree (LLM) from Middlesex University Business School, London. She specializes in Employment Law and is a member of the Nigerian Bar Association.

She has acquired over 25 years post-call professional work experience both in Nigeria and the United Kingdom in legal advisory, corporate law, corporate governance, administration, human capital management, and government relationship management. She has attended numerous professional trainings locally and internationally.

Mrs. Dupe Olusola
Director /(Incoming CEO)

Mrs. Dupe Olusola has been appointed as the Managing Director/CEO of Transcorp Hotels Plc, effective 25 March 2020. Dupe is currently the Group Head, Marketing for United Bank for Africa Plc, one of Africa's leading financial services providers. Prior to her current role, she was the Group Head Embassies, Multilaterals and Development Organizations (EMDOs) and Global Investors Services (GIS). Through her leadership, there was meritorious expansion in the Bank's stake in the EMDOs & GIS sector across Africa and beyond. Dupe has a deep knowledge of several corporate and retail market economies.

Before joining UBA, Dupe had a distinguished career as the Managing Director and Chief Executive Officer of Teragro Commodities Limited (an indigenous agricultural company). She spearheaded a partnership with Coca Cola to produce Five Alive Pulpy Orange Juice, making Teragro the sole local material source for the juice in Nigeria.

Her professional experience spans various sectors locally and internationally in capacities that encompass private equity from African Capital Alliance, investments and SME experience from Growing Business Foundation, Bloomberg Financial Markets UK, SecTrust (now Afriinvest), Transnational Corporation of Nigeria Plc and Northern Trust Corporation of Chicago, UK.

Dupe studied Economics at the University of Leicester, United Kingdom and obtained her M.Sc. in Development Economics from the University of Kent. She is Prince 2, PMP and Investor Management Certified (all UK). She is passionate about women development and empowerment, economic development of under-developed countries and financial inclusion for the disadvantaged in the society.

She was named on Ventures Africa's 10 Most Influential Nigerian CEOs of 2015.

MANAGEMENT TEAM

Mrs. Owen Omogiafo
MD/CEO

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Owen has over two decades of corporate experience in organisational development, human capital management, banking, change management and hospitality. Prior to joining Transcorp Hotels Plc, Mrs. Omogiafo was the Executive Director, Corporate Services at Transnational Corporation of Nigeria Plc (Transcorp) where she drove operational efficiency across the Transcorp Group. Before joining Transcorp in July 2018, Owen was the Chief Operating Officer at the Tony Elumelu Foundation, where she oversaw the $100m Programme aimed at identifying, mentoring and funding 10,000 entrepreneurs over 10 years. She has also been the Director of Resources at Heirs Holdings Limited, a family-owned investment company chaired by Tony O. Elumelu CON. Owen's past experience includes working at the United Bank for Africa Plc as HR Advisor to the GMD/CEO, and at Accenture as an Organisation and Human Performance Consultant, specializing in Change Management.

She holds a B.Sc. in Sociology & Anthropology from the University of Benin, an M.Sc. in Human Resource Management from the London School of Economics and Political Science and is an alumnus of the Lagos Business School and IESE Business School, Spain. She is also a member of the Chartered Institute of Personnel and Development, UK, a certified Change Manager with the Prosci Institute, USA, a member of the Institute of Directors (IoD) Nigeria and a member of the Board of Avon Healthcare Limited, where she sits on the Board Finance, Investment & Risk Committee and Board Audit & Governance Committee.

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She was enrolled as a Solicitor and Advocate of the Supreme Court of Nigerian in 1993 (BL Hons) and holds a Master of Laws degree (LLM) from Middlesex University Business School, London. She specializes in Employment Law and is a member of the Nigerian Bar Association.

She has acquired over 25 years post-call professional work experience both in Nigeria and the United Kingdom in legal advisory, corporate law, corporate governance, administration, human capital management, and government relationship management. She has attended numerous professional trainings locally and internationally. She was appointed to the Board on 12 February 2020.

Mr. Chike Anikwe
Acting Group Company Secretary

Mr. Chike Anikwe is the Acting Group Company Secretary of Transnational Corporation of Nigeria Plc (Transcorp). Consequently, he serves as Company Secretary of 4 active companies within the Transcorp Group including Transcorp Hotels Plc and Transcorp Power Limited. Chike joined Transcorp Plc in 2013 as Legal Manager for the Transcorp Group. In 2017, his role in Transcorp was expanded to Legal Manager and Assistant Group Company Secretary.

He holds an LL.B. (Hons) degree in Law from the University of Nigeria, a B.L. from the Nigerian Law School and LL.M. in Corporate & Securities Law from University College London. He is a member of the Nigeria Bar Association (NBA), the Law Society of England and Wales, the Chartered Institute of Taxation of Nigeria and the Nigeria Leadership Initiative. He is also a Solicitor of the Senior Courts of England and Wales (Non-Practising).

Chike has over 15 years of experience and skills in legal and transaction advisory, company secretarial, corporate governance and related practices. Prior to joining Transcorp, Chike was a Senior Associate at Aluko & Oyebode, a premier law firm, where he acquired 5 years experience in project financing, corporate, structured and trade finance transactions and general business advisory for multinationals, international organisations, development finance institutions and governments.

Mrs. Oluwatobiloba Ojediran
Acting Chief Finance Officer

Mrs. Oluwatobiloba Ojediran is the Acting Chief Financial Officer of Transcorp Hotels Plc. She earned a second-class upper degree (BSc) in Mathematics and Statistics from the University of Lagos, Akoka.

With over a decade of professional experience, Mrs. Ojediran started her professional career at KPMG Professional Services, one of the internationally acclaimed professional firms, where she provided accounting, audit and advisory services to clients. She subsequently worked at Intercontinental Hotel, as Finance Manager, gaining financial and operational experience in the hospitality industry.

Prior to joining Transcorp Hotels Plc, Mrs. Ojediran returned to professional practice with KPMG Professional Services where she consulted as a Financial Auditor under the Growth and Employment (GEM), a World Bank funded project being implemented by the Federal Ministry of Industry, Trade and investment.

She has professional skills in financial and corporate reporting, budgeting, audit and investigation, IFRS advisory, financial modelling, and project management. She is a member of the Institute of Chartered Accountants of Nigeria (ICAN) and a level 2 candidate of Chartered Financial Analyst (CFA) Institute.

Mrs. Irene Nwankwo
Head of Internal Audit

Mrs. Irene Nwankwo earned a second-class upper degree (BSc) in Microbiology and Brewing from the Nnamdi Azikiwe University, Awka. She is a Certified Internal Auditor (CIA), Information Systems Auditor (CISA) and Financial Service Auditor (CFSA). Irene is certified on corporate governance best practices having by the Institute for International Research (IIR) in conjunction with the George Washington University School of Business on Corporate Governance Best Practices.

Irene began her career as an Analyst in KPMG Professional Services, one of the internationally recognised "Big Four" accounting firms. Prior to joining Transcorp Hotels, she had risen to the position of Assistant Manager in the Internal Audit, Risk & Compliance Services Unit of the firm and was responsible for overseeing, managing and coordinating engagements and project teams.

She has varied relevant experience in internal audit and control, quality assurance, compliance and process reviews, and accounting/financial reporting. Irene is an active member of the Institute of Internal Auditors (IIA). She is also a member of Information Systems Audit and Control Association (ISACA) and the Association of Chartered Certified Accountants (ACCA).

Mr. Kevin Brett
General Manager, Transcorp Hilton Abuja

A 40-year hospitality veteran, Mr. Kevin Brett began his career with Hilton Worldwide in 1979 as Assistant Front Office Manager at the London Hilton on Park Lane in London, United Kingdom.

He has held top management positions in 17 international hotels in 11 countries across South East Asia, Europe and the Middle East. He was at various times General Manager at Hilton London Islington, Hilton Bahrain, Hilton Abu Dhabi and Conrad Cairo.

Before joining Transcorp Hilton Abuja in January 2019, Kevin was the Cluster General Manager at Jeddah Hilton and Waldorf Astoria Jeddah-Qasr Al Sharq, Kingdom of Saudi Arabia from 2012 until December 2018.

Kevin is a British national and is married with 3 children. In his spare time, he enjoys public speaking, food and wine appreciation, skiing, tennis, swimming, fitness training and sports in general. His hobbies also include music and the arts and all aspects of wildlife and conservation.

He is a member of Chaine des Rotisseurs and Le Conseil des Echason de France amongst other professional memberships.

Mr. Chuma Mgbojikwe
General Manager, Transcorp Hotels Calabar

Mr. Chuma Mgbojikwe is a consummate hospitality services professional with over 20 years corporate experience spanning some of the biggest hotel chains in the world, such as Marriott, Hilton and the Wyndham Hotels. He holds an MSc. in International Hotel and Tourism Management from Oxford Brookes University, Oxford, UK and a BSc. in Estate Management from the University of Greenwich, UK. He is also a fellow of the Institute of Tourism Professionals.

He joined Transcorp Hotels in 2013 and led the corporate transformation of the hotel from a loss-making business to its current illustrious position in the region as the premiere destination of choice.

CHAIRMAN'S STATEMENT

Distinguished Shareholders,
Members of the Board of Directors,
Ladies and Gentlemen.

It is with immense pleasure that I welcome you to the Sixth Annual General Meeting, of your Company, Transcorp Hotels Plc ("Transcorp Hotels" or "The Company").

Against a backdrop of economic turbulence faced by businesses in Nigeria and globally, the Company has remarkably upheld its place as one of the leading Hospitality brands in Africa. We did this by consistently creating unmatched value for Africa and beyond, through our unwavering commitment to providing premier services.

On this premise, I present Transcorp Hotels Plc's Annual Report and Financial Statements for the financial year ended 31st December 2019.

GLOBAL ECONOMY

Oil price volatility continued to influence Nigeria's growth performance, causing the country to remain in the same growth range since 2018, at approximately 2%. According to the World Bank and the Organisation for Economic Cooperation & Development (OECD), global growth slowed by 2.9% in 2019.

Rising trade and geopolitical tensions have increased uncertainty about the future of trading systems and international cooperation, especially as the trade conflict between the United States of America and China, the world's two largest economies escalated even further in 2019. The US-China trade war has been the biggest source of uncertainty for the global market. The US implemented increased tariffs and other barriers to force China to make changes to what it considers unfair trade practices, among which are growing trade deficits, the theft of intellectual property and forced transfer of American technology to China. The conflict triggered stock market instability globally with many countries affected. This was inevitable as the US economy accounts for roughly 25% of global GDP.

Furthermore, Iran, a member nation of the Organization of the Petroleum Exporting Countries (OPEC), has been cut off from the market by US sanctions. The tension between the US and Iran heightened as claims of attacks by Tehran on oil facilities in Saudi Arabia cut down 5% of the global daily oil supply. This re-ignited fears of military confrontation in the Middle East. Supply was unstable in 2019, even as OPEC continued to show restraint and US output helped to offset Iranian losses.

On the 1st of February 2020, the United Kingdom officially left the EU after 47 years of membership and 3 years after it voted to do so in a referendum. With the withdrawal of the UK from the EU, UK is now set on a transition period that is set to end on 31 December 2020. During this period, the UK remains a part of the EU Customs Union, as well as the single market, but not a part of its institution or its political parties. The effects of Brexit largely depend on how the UK is tied to the EU and how it can negotiate a deal with the EU during the transition.

The hospitality sector which contributes about 10.4% of global GDP supports one in ten new jobs (319 million) globally according to the World Travel and Tourism Council. Travel and Tourism is one of the world's fastest-growing industries. It is undergoing rapid transformation, shaped by the new technology and the needs of an increasingly diverse range of travellers.

BUSINESS ENVIRONMENT

According to the African Development Bank Group, Nigeria's real GDP grew by 2.3% in 2019. The implementation of the Economic Recovery and Growth Plans (ERGP) with top execution priority on the stabilization of macroeconomic environment, transportation infrastructure, agriculture security, energy efficiency in power and petroleum products and SME industrialization facilitated the stability of growth in the first half of 2019.

Now that Nigeria has signed the Agreement establishing the African Continental Free Trade Area ("AfCFTA Agreement"), it is expected that there will be a progressive elimination of import duties and other non-tariff barriers on imports within the African continent, which will eventually boost trade.

Domestic demand remains constrained by stagnating private consumption in the context of high inflation (11.61% by the end of 3rd quarter of 2019). Despite the Federal Government's endeavours to advance the agricultural sector, the growth in that area remains below its potential due to continued insurgency in the Northeast and ongoing herdsmen/farmer conflicts.

The 2019 fiscal policy, which was approved for implementation in July, reveals the Federal Government's commitment to its plan to encourage investment in industries deemed critical to its economic growth agenda, as well as discouraging importation and consumption of certain items.

There was the partial closure of the land border on the 20th of August 2019, as a result of smuggling activities, especially in rice. These factors have created a demand for more locally produced agricultural products, even though the closure resulted in price increases as supply could not match high demand.

The Central Bank of Nigeria (CBN) introduced a new policy on cash-based transactions on the 17th of September 2019, which stipulates a cash handling charge on daily cash deposits/withdrawals that exceed N500,000 for individuals and N3,000,000 for Corporate bodies. The new policy is aimed at reducing the amount of physical cash (coins and notes) circulating in the economy and encouraging more electronic-based transactions for payments for goods and services. The introduction of the policy initially generated controversies among the general public, but the CBN was able to ease the tension by providing clarifications.

The Finance Bill, which was announced by the Minister of Finance on the 12th of September 2019 was signed into law on the 13th of January 2020. The law which was tagged, 'The Finance Bill 2019', is meant to reform the country's tax laws, aligning them with global best practices, support MSMEs, encourage investments in infrastructure and capital markets, and increase revenue for the government. The law introduces a new regime for Value Added Tax (VAT) with rate increased from 5% to 7.5%, effective 1st of February 2020.

All these global and local events will have a pivotal impact on the hospitality sector in 2020 and beyond.

OVERVIEW OF FINANCIAL PERFORMANCE AND KEY MILESTONES

Transcorp Hotels Plc sustained its aggressive growth in 2019, recording an impeccable turnover of N20.4billion from the N17.4billion recorded in 2018 representing an increase of 17.2%. This is an unequalled performance in the history of the Group and was directly linked to the completion of the upgrade of the hotel, delivery of top-tier services to our guests and innovative products launched in 2019.

Gross profit also reached a record level in 2019 with the N15.3billion recorded representing a growth of 18.6% against N12.9billion in 2018.

Profit before tax decreased by 78% to N1.1billion from N5billion in 2018, while profit after tax was N614million against N3.7billion in 2018. The decrease, which was expected, is due to the finance cost of the loan facilities which were utilised in making a long-term investment of upgrading the hotel to a globally competitive state. Transcorp Hotels Calabar also made a profit contribution of N24.1million.

Group Operating profit was a healthy 5.3billion compared to 5billion in 2018.

In keeping with our ethos of excellence, our flagship property Transcorp Hilton Abuja was once again decorated with awards and recognitions for its contribution to the Nigerian and African hospitality industry.

- Transcorp Hilton Abuja emerged winners in the 2019 World Travel Awards for the 5th consecutive year as Africa's Leading Business Hotels, Nigeria's Leading Hotel, Nigeria's Leading Hotel Suite, Nigeria's Leading Business Hotel and Nigeria's Leading Meetings, Incentives, Conferences and Exhibitions (MICE) Hotel;
- Transcorp Hilton Abuja emerged as the winner of the 2019 prestigious Signum Virtutis (Seal of Excellence) Award for the 4th consecutive year and won the Seven Star Business Hotel (Africa Special) for 2019;
- Transcorp Hilton Abuja received the Trip Advisor's 2019 Travelers Choice Award and the 2019 Certificate of Excellence. Its restaurant, Bukka also received a Certificate of Excellence;
- Transcorp Hilton Abuja won the Hilton Travel with Purpose Grant for its social intervention program – Business Empowerment Program for Women (BEPW)
- Federation Internationale des Administrateurs de Bien-Conselis Immobiliers (FIABCI) Nigeria presented the Prix'D Excellence Award to Transcorp Hilton for Best Hotel (design, content) 2019;
- The Hotel also received the "Most Outstanding Business Brand of the Year" in the Abuja Business and Excellence Awards 2019; and
- For its innovative products and services, Transcorp Hilton Abuja received the "Productivity and Innovation Award" by the National Productivity Centre.

> **Transcorp Hotels Plc sustained its aggressive growth in 2019 recording an impeccable turnover of N20.4billion from the N17.4billion recorded in 2018**

The CEO of Transcorp Hotels Plc, Owen Omogiafo was recognised as one of the Top 100 female CEOs in Africa by Reset Global People. Both the MD/CEO and former Executive Director Customer Services, Okaima Ohizua, were recognised by Leading Ladies Africa as one of the 50 Leading Ladies in Corporate Nigeria.

In this same period, Transcorp Hotels Plc retained its positive investment-grade credit rating for the Company and the Bonds by two prominent rating companies with the outlook accorded as stable.

Global Credit Rating Co. (GCR)

- Long Term: A-(NG)
- Short term: A2 (NG)

Agusto & Co

- Series 1&2 Bond: Bbb

DIVIDEND

The Directors have recommended for your approval the payment of N532,028,273 or 7 kobo per ordinary share as dividend for our esteemed Shareholders.

OUTLOOK FOR 2020

According to the OECD, global growth for 2020 is expected at 3%. This is the weakest annual growth rates since the financial crisis. It is mainly attributable to conflicts in trade, political uncertainty and weak business investment, which weighs on the global economy, thereby raising the risk of long-term stagnation.

The outbreak of coronavirus in China is likely to adversely impact the global economy. With China being the world's second-largest economy, leading trading nation, world's largest manufacturer, world's biggest oil importer, and having travellers that are top spenders in international tourism, the economic damage of this epidemic is mounting around the world. Businesses are dealing with lost revenue and disrupted supply chains due to China's factory shutdowns, tens of millions of people remaining in lockdown in dozens of cities and other countries extending travel restrictions. However, economists expect a rebound in China's growth in the second quarter of 2020, if the worst of the outbreak is over.

The International Monetary Fund (IMF) announced a downward review of its 2020 growth forecast for Nigeria to 2% from the 2.5% it predicted earlier. IMF noted that Nigeria's pace of economic recovery remains shaky and challenges abound. The revision of the rate is to reflect the impact of the lower international oil prices caused by the effect of the Chinese coronavirus outbreak on global oil demand. Inflation is expected to pick up, while deteriorating terms of trade and capital outflows will weaken the country's external position.

Tensions and uncertainty in businesses look set to continue if the US-China conflict, involving the world's two biggest economies remain unresolved. Due to this, the American economy is expected to weaken as the price of the dollar may fall, with an economic downturn anticipated in China following this conflict.

The structural attractions of emerging markets remain compelling despite trade tensions that are slowing global economic growth in developing countries. According to the World Bank, in the commodity market, energy and metal commodity prices are expected to continue to fall in 2020, following sharp declines in 2019, a weaker outlook for global growth and consequent softer demand.

Crude oil prices are expected to average $61 per barrel in 2020. Global oil demand is expected to increase by just 1.4% in 2020, but growth could be weaker if international trade relations deteriorate further. Energy prices which include natural gas and coal are expected to also decline in 2020.

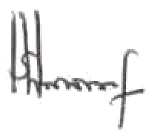
According to PricewaterhouseCoopers (PWC), in the hospitality industry for 2020 and the four years following, Nigeria is expected to be the fastest-growing market with a projected 12% compound annual increase. Several new hotels are scheduled to open in the next five years, which will accommodate further growth in guest nights, without putting pressure on Average Daily Rate (ADR).

The growth in the industry will have a positive impact on the business as the perception of hospitality will be widened on a broader horizon and our ultra-modern facilities and innovative products are have positioned us to harness this growth.

CONCLUSION

My esteemed stakeholders, it has been an interesting year at Transcorp Hotels Plc and your unwavering support has, without a doubt, contributed to this.

With each passing day, we are more energized to continue to build our business and satisfy our customers – the firm dedication of our over 1,400 team members at Transcorp Hotels, the oversight of our regulators and the commitment of our shareholders gives us the confidence we require to ramp up our efforts to be Africa's leading hospitality brand.



Emmanuel N. Nnorom
Chairman, Board of Directors

CEO'S REPORT

Ladies and Gentlemen, it is with delight that I welcome you to the 6th Annual General Meeting of your Company, Transcorp Hotels Plc. Below are the financial and operating results for the year ended 31st December 2019.

ECONOMIC AND SECTORIAL OVERVIEW

In 2019, oil prices were somewhat stable ranging from US$62 to US$79 per barrel, although in the month of October, it dropped to US$57.27 and later rose to US$60.40 due to the interplay between the global demand and supply of oil. The World Bank reports that global oil GDP growth for the nation also remained stable.

The agreement by the Organisation of the Petroleum Exporting Countries (OPEC) to reduce daily oil supply to 800,000 barrels per day, started in January 2019, propping up oil prices globally. The average production cost of oil in Nigeria decreased to US$23 per barrel.

The usual volatility of oil prices has seen the government stage interventions to boost the agricultural sector into being the next big mainstay of the Nigerian economy; nonetheless, it remains below potential due to high levels of insecurity in the North-East and other parts of the country. However, even in the absence of significant structural policy reforms, the World Bank projects the medium-term growth to remain stable at around 2%.

OPERATING RESULTS AND FINANCIAL PERFORMANCE REVIEW

Revenue

Gross revenue for the year was N20.4billion showing an increase of 17.2% compared to N17.4billion from the previous year. This record-breaking performance for the company is directly linked to the completion of the upgrade of the hotel, delivery of top-tier services to our guests and innovative products launched in 2019.

Profit

The Group's gross profit was N15.3billion showing an increase of 18.6% from N12.9billion in 2018. The profit before tax decreased by 78% from N5billion in 2018 to N1.1billion, while profit after tax was N0.6billion, a decline from N3.7billion of 2018. The decline experienced in the profit before tax and consequently the profit after tax, was expected, as it is as a result of the impact of the N4.3billion finance cost on our existing loans obtained for the upgrade of the hotel. In keeping with IFRS standards, the interest expenses on the loans are now being expensed.

Balance sheet

The Group's total assets increased from N111billion in 2018 to N115billion in 2019. Total liabilities totalled N57billion, an increase of N3billion from the previous year.

KEY BUSINESS ACHIEVEMENTS IN 2019 OPERATIONS

Transcorp Hilton Abuja, without comparison, remains the first-choice destination for high profile guests, serving people from all over the world for practically any travel need from business to relaxation. As always, we ensured our core values of excellence, enterprise and execution were woven into our service delivery.

Milestone

In 2019, Transcorp Hilton Abuja recorded a significant milestone having received the Certificate of Discharge from the National Council on Privatisation (NCP), confirming that the company fulfilled all conditions attached to the sale of the hotel and signalling the end of further post-privatisation monitoring. During the post-privatisation exercise, the company was measured against Key Performance Indicators set by the Bureau of Public Enterprises (BPE) during the hotels' purchase in 2005. Key highlights of the hotel's performance are:

- Increase in customer base by 113%;
- Increase in service excellence captured by an 82% decrease in customer complaints; and
- Increase in operational efficiency with retained earnings rising to 70% of turnover.

This laudable achievement is a testament to our commitment to perpetuity and the growth of the hospitality industry in Nigeria.

Corporate Governance

Transcorp Hotels maintained the highest level of corporate governance all year round through enhanced shareholder engagement, transparency as well as timely, accurate disclosures and other corporate governance ethics in a bid to continue driving long-term stakeholder value. We maintained our Corporate Governance Rating System (CGRS) status with the Nigerian Stock Exchange in 2019, which is an average score of 70% and above across the 3 segments of:

- Self-assessment by a company which has been independently verified,
- Directors' awareness of their fiduciary duties, and
- Corporate identity assessment feedback from internal and external stakeholders about the company's behaviour.

Guest-focused Innovation

We continued to work tirelessly to develop innovative products and services to delight our guests. We are especially proud of our 'Weekender' package. The package, which promotes leisure activities in a predominantly business city, Abuja, has seen our weekend occupancy rate increase from 41% in 2018 to 47% in 2019.

Meetings Redefined

To continue to make us the preferred destination for meetings and conferences, we launched our renovated meeting rooms with upgraded facilities including automated projector, ergonomic chairs and digital lighting and air-conditioning systems to improve the meeting experiences of our guests.

Among our many efforts to position the Hotel as a leisure spot and promote domestic tourism, is the launch of our 'Honeymoon Package' targeted at couples looking for a get-away.

We applied this innovative spirit to the food outlets in our hotel and launched country-themed nights at the Bukka Restaurant to cater to Nationalities from all over the world who visit Abuja. Also, at our Capital Bar, the introduction of Comedy Nights and variation of the music offerings, increased the foot traffic and guest engagement in this outlet.

Notable Events

During the year, the Hotel was positioned as the preferred destination for all types of events and hosted both national, regional and international conferences with a wide spectrum of notable luminaries in attendance. Notable of such events are:

- Tony Elumelu Foundation Entrepreneurship Forum: Transcorp Hilton Abuja hosted the annual Entrepreneurship Forum in 2019, opening its doors to attendees from 54 African countries, including five (5) African Heads of State, Nigeria included.
- 2019 National Inauguration Ceremony: The Hotel hosted African Global Heads of States and dignitaries during the 2019 Inauguration Ceremony.
- Musical Concerts: With the rise of social activities in Abuja, Transcorp Hilton Abuja hosted various musical concerts with thousands in attendance for international stars such as Tiwa Savage, Burna Boy, Wizkid, Patoranking and a host of others.

Awards & Recognition

Throughout the year, our commitment to excellence in the hospitality industry was recognised by prestigious bodies, both internationally and locally, in various categories.

Transcorp Hilton Abuja emerged winners in the 2019 World Travel Awards for the 5th consecutive year as Africa's Leading Business Hotels, Nigeria's Leading Hotel, Nigeria's Leading Hotel Suite, Nigeria's Leading Business Hotel and Nigeria's Leading Meetings, Incentives, Conferences, and Exhibitions (MICE) Hotel.

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Transcorp Hilton Abuja
The renovation and upgrade of our rooms have been completed and all rooms fitted with the best state-of-the-art facilities, with enhancement such as brand-new luxurious furniture, beddings, fixtures, sanitary ware, smart televisions equipped with the introduction of Internet Protocol Television (IPTV), etc.

The Clinic was remodelled and refitted to better cater for our team members and guests in a welcoming environment that matches the hotel's ambience.

The 4000-square metre warehouse which was used to store materials during the upgrade of Transcorp Hilton Abuja, is proposed to be converted to a 3,000 capacity Events Centre called 'Transcorp Events'. The Event Centre, which will feature refined and functional amenities, is to be purpose-built to accommodate large events such as trade fairs, concerts, weddings and religious programs.

Transcorp Hilton Ikoyi
This proposed 5-star property will have 300 guest rooms with an optimized room mix matrix, state-of-the-art amenities including ballrooms, meeting spaces, fine dining, spa, and fitness facilities. There will also be a multi-use complex adjacent to the hotel, which will house offices, apartments and other commercial spaces. We are currently working towards securing the planning commission approval from the Lagos State Government.

Transcorp Hilton Port Harcourt
Land acquisition and clearing of the property, which is a total land size of12,550.7sqm, has been completed. However, the project remains on hold while we prioritize the Transcorp Hilton Ikoyi projects to secure maximum return on investment.

Following the successful completion of the renovation and upgrade of our rooms, we will continue to innovate through new products and services, whilst sweating existing assets to sustain our revenue growth.

We intend to take advantage of the opportunities within the hospitality space by executing the conversion of the warehouse to Transcorp Event Centre and also launch other new businesses, leveraging technology and our strengths.

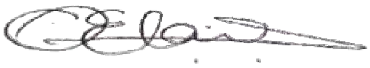
We will remain resolute in our push for expansion by driving necessary milestone achievements towards developing Ikoyi & Port Harcourt properties.

CONCLUSION

The year 2019 was a year of opportunities with a myriad of accomplishments and satisfaction for the Company.

Through our core values of Excellence, Enterprise and Execution, we have remained Africa's leading number one destination for travellers and recognised globally with our unwavering brand. All of this was achievable with the support of our esteemed shareholders and investors, competent Board and management, as well as committed team members.

I anticipate an energizing adventure with you in 2020 as we collaborate towards travelling on this prestigious path to be a company that is greater and even more gratifying to our investors.



Owen Omogiafo
Managing Director/CEO

Milestones and great moments worth sharing

Chairman of Transcorp, Tony O. Elumelu (CON) receiving the Post-Privatisation Discharge Certificate from His Excellency, the Vice President of the Federal Republic of Nigeria, Prof. Yemi Osinbajo, SAN while the Minister of Finance, Budget and National Planning, Hajia Zainab Ahmed (middle) watched.

▲ Board members of Transcorp Hotels Plc with the Post-Privatisation Discharge Certificate.

◀ L-R: President/GCEO, Transcorp Nigeria, Valentine Ozigbo; MD/CEO, Transcorp Hotels Plc, Owen Omogiafo and Chairman Transcorp, Tony O. Elumelu, CON, at the post-privatization discharge ceremony of Transcorp Hilton Abuja.

L-R: Dr. Ruhakana Rugunda, Prime Minister, Uganda; H.E Felix Tshisekedi, President of DRC; H.E. Macky Sall, President of Senegal; H.E. Paul Kagame, President of Rwanda; H.E., the Vice President of Nigeria, Professor Yemi Osinbajo, SAN and foremost CNN host, Fareed Zakaria at the Tony Elumelu Foundation Forum hosted at Transcorp Hilton Abuja.

ESV. Victor Alonge, IoD Chairman Abuja Zone, Okaima Ohizua, ED Customer Services, Transcorp Hotels Plc, Valentine Ozigbo, President/GCEO Transcorp, Chief Chris O. Okonkwo, President & Chairman of IoD, Owen Omogiafo, MD/CEO Transcorp Hotels Plc and Dele Alimi, Director General/CEO, IoD at the July 2019 New Members' Induction ceremony of the Institute of Directors Nigeria.

L-R: Kaylana Sundaram, Former MD/CEO, Transcorp Power; President/GCEO of Transcorp, Valentine Ozigbo; MD/CEO of Transcorp Hotels Plc, Owen Omogiafo and MD/CEO, Transcorp Power, Christopher Ezeafulkwe during the Group's 2019 Half-Year Analyst Parley.

L-R: Patrick Inezi, Front Office Manager, Transcorp Hotels Calabar; Owen Omogiafo, MD/CEO, Transcorp Hotels Plc, Prof Ivara Esu, Deputy Governor, Cross River State; Chuma Mgbojikwe, General Manager, Transcorp Hotels Plc during a courtesy visit to the State House.

L-R: MD/CEO, Transcorp Hotels Plc, Owen Omogiafo, Chairman, Transcorp, Tony O. Elumelu, CON and President/GCEO, Transcorp Nigeria, Valentine Ozigbo during the Avon Medical Colour Run aimed at raising awareness for people living with hypertension in Nigeria.

The MD/CEO Of Transcorp Hotels Plc, Owen Omogiafo and the President/GCEO of Transcorp, Valentine Ozigbo discussing the Company's financial performance on CNBC Africa.

Owen Omogiafo, Managing Director/CEO of Transcorp Hotels Plc and Chris Nasetta, President and CEO of Hilton, at the Europe, Middle East & Africa Owner Conference 2019 in Dubai.

L-R: The General Manager of Transcorp Hotels Calabar, Chuma Mgbojikwe, Deputy Governor of Cross River State, Prof Ivara Esu, Director of Operations, Austine Okweche and Patrick Inezi, Front Office Manager during a courtesy visit to the State House.

"Our people are our asset at Transcorp Hotels.

The MD/CEO, and ED Customer Services of Transcorp Hotels Plc, Owen Omogiafo and Okaima Ohizua with the leadership of Transcorp Hotels Calabar during a visit to the hotel.

The MD/CEO of Transcorp Hotels Plc and the General Manager of Transcorp Hilton Abuja presenting an award to the Sales Executive-Concessioners, Annette Mubarak during the end-of year party.

ED Customer Services, Transcorp Hotels Plc and the Head of the Housekeeping Department at Transcorp Hilton Abuja, Paul Agiopu, presenting an award to Joy Aura of the Housekeeping department during the end-of-year party.

The General Manager of Transcorp Hotels Calabar, Chuma Mgbojikwe and the Chairman, Transcorp Hotels Plc, Emmanuel Nnorom at the lobby of Transcorp Hotels Calabar, during a visit by the Chairman.

Our properties have remained the preferred destination for Heads of State, Dignitaries and celebrities from around the World.

The MD/CEO of Transcorp Hotels Plc and the General Manager of Transcorp Hilton Abuja welcoming His Excellency, President Muhammadu Buhari (GCFR), Commander in Chief of the Armed Forces, Federal Republic of Nigeria to the Congress Hall of Transcorp Hilton, Abuja.

His Excellency, President Muhammadu Buhari (GCFR), Commander in Chief of the Armed Forces, Federal Republic of Nigeria with His Excellency, Mr Paul Kagame, President of the Republic of Rwanda, alongside acting Chairman EFCC, Ibrahim Magu during an Exhibition tour shortly after participation at the National Democracy Day Anti-Corruption Summit in Transcorp Hilton Abuja.

The MD/CEO of Transcorp Hotels Plc, Owen Omogiafo and General Manager of Transcorp Hilton Abuja, Kevin Brett, welcoming H.E. Mahamadou Issoufou President of Niger Republic during the 2019 Inauguration ceremony.

Omo N'Oba N'Edo Uku' Akpolokpolo Ewuare 11 of Benin Kingdom in Transcorp Hotels Calabar during a visit to Cross River State.

The MD/CEO of Transcorp Hotels Plc welcoming Prince Edward, Earl of Wessex to Transcorp Hilton Abuja.

The Chairman of Transcorp, Tony O. Elumelu, CON with H.E. Vice President of the Federal Republic of Nigeria, Prof. Yemi Osinbajo, SAN, during the Tony Elumelu Foundation Entrepreneurship Forum at Transcorp Hilton Abuja.

The MD/CEO, Transcorp Hotels Plc and ED, Customer Services Transcorp Hotels Plc with the Qatari Ambassador to Nigeria H.E. Abdulaziz bin Mubarak Al-Muhannadi and his Deputy Muhammad Al-Masur at the Qatar National Day celebration held at Transcorp Hilton Abuja.

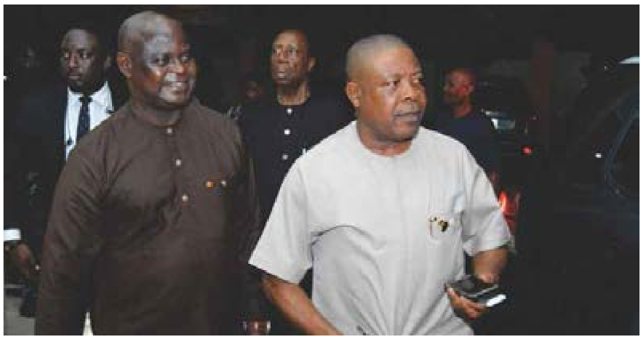
Austin Okweche, Director of Operation at Transcorp Hotels Calabar and Kenny Ogungbe, CEO of Kenny Music during the Nigerian Broadcasting Commision Summit at Transcorp Hotels Calabar.

Burna Boy performing during his musical concert held at Transcorp Hilton Abuja.

Children enjoying fun activities by the pool side during the Children's Day celebration at Transcorp Hotels Calabar.

His Royal Highness, Eze Matthew C. Nwokoma Okaaa, Omee IV of Okanne Ancient Kingdom of Ohaji, Imo State during the 2019 New Yam Celebration at Transcorp Hilton Abuja.

“We are always looking for new ways to excite guests at our properties



Austin Okweche, Director of Operations at Transcorp Hotels Calabar and the former Governor of Imo state, Emeka Ihedioha during an event at the Hotel.

The General Manager of Transcorp Hotels Calabar, Chuma Mgbojikwe and the DJ Jimmy Jatt at the re-launch of the Bamboo lounge at Transcorp Hotels Calabar .

“ We are committed to providing long-term value for our stakeholders.

Cross-section of Shareholders of Transcorp Hotels Plc during the 2018 Annual General Meeting.

Board members of Transcorp Hotels Plc and esteemed Shareholders during a cocktail event.

Board members of Transcorp Hotels Plc during the 2018 Annual General Meeting of the Company.

CORPORATE GOVERNANCE REPORT

Transcorp Hotels Plc ("the Company") places great importance on maintaining high standards of Corporate Governance through a culture of strong business ethics, sound policies & procedures and effective internal control systems. During the year ended 31 December 2019, the Company complied with the provisions of the Corporate Governance Code issued by the Securities and Exchange Commission (SEC Code), its Board and Board Committees Governance Charter and all Company policies, as well as rules and regulations of its Regulators.

1. Overview

The Board performs some of its functions through its Committees whose Terms of Reference are spelt out in the Board and Committees Governance Charter. The delegation of these functions does not in any way discharge board members of their duties and responsibilities.

The following Committees exist in the Company: the Board Audit and Governance Committee (BAGC), the Finance and Investment Committee (FIC), and the Statutory Audit Committee (SAC).

Our existing corporate governance policies approved by the Board of Directors remained operational throughout the period under review and additional policies (Whistleblowing Policy, Code of Conduct, and Revised Board Remuneration Policy) were formulated or revised and approved. Other policies approved by the Board in 2019 include:

1. AGM Procedural Manual
2. Data Protection Policy
3. Executive Management Committee Charter
4. Information Technology Policies and Procedures Manual
5. Policy on Useful Lives of Fixed Assets
6. Software Project Documentation Framework.

The following are details of some policies that promote good Corporate Governance in the Company:

- **Governance Framework**
  This framework explains the governance policies applicable to the Company's businesses. It provides for policy development and application, policy classification, review, and revision as well as policy deviations and guiding templates.

- **Board and Board Committees Governance Charter**
  This Charter provides for the terms of reference, types of Committees, composition, functions, roles, responsibilities of the Board, each Committee, Non-Executive Directors, CEO, Executives, and Company Secretary. It also provides for tenor, meetings, quorum, proceedings, appointments, and the overall governance framework for the Board, Board Committees and members. The functions and proceedings of the Statutory Audit Committee (SAC) are governed by the provisions of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 (CAMA).

- **Executive Management Committee Charter**
  This Charter provides for the Executive Management Committee (EMC) of the Company – its composition, role, terms of reference, proceedings and general governance framework for management. As at year-end 2019, the EMC comprised a total of 7 members, 86% of whom were female.

- **Code of Conduct**
  This Policy was designed to adopt a consistent approach to integrity issues between the Company and its employees, Directors, subsidiaries, government officials, business partners, and customers. It provides the policies and procedures to be followed on anti-corruption, conflict of interest, anti-bribery/improper payments, money laundering, terrorism financing and insider trading (blackout policy). Upon appointment, each staff and Director sign an undertaking to abide by the provisions of this Code.

2. Board of Directors

2.1 General

The Board is composed of highly accomplished and experienced men and women with diverse backgrounds from both the private and public sectors who are conversant with their oversight functions.

As at year-end 31 December 2019, the composition of the Board of Directors was as follows:

- The Board had a healthy mix of Non-Executive, Independent Non-Executive and Executive Director positions;
- The Board was made up of nine (9) Directors, 30% of whom were female –
  - Seven (7) Non-Executive Directors (including one (1) Independent Director). One of the Non-Executive Directors has an alternate Director; and
  - Two (2) Executive Directors, the MD/CEO and the ED Customer Service.
- The Chairman of the Board is a Non-Executive Director.

The Board met five (5) times in the year 2019. The details of Directors' attendance at Board meetings are disclosed on page 32 of the Annual Report.

The Board delegates its authority via the Empowerment Policy. It defines the limits of the powers and authority of the Board, each Committee, the CEO, the ED and management, each with various expenditure limits. Governance matters are reserved for the Board and any responsibility not delegated remains with the Board.

2.2 Membership of the Board

During the year under review, one (1) Non-Executive Director exited and one (1) Non-Executive Director was appointed.

Appointment

1. Mr. Alexander Adeyemi was appointed as a Non-Executive Director representing the Ministry of Finance Incorporated (MOFI) on 15 July 2019.

Retirement / Resignation

1. Following his appointment as a Permanent Secretary by the Federal Government of Nigeria, Dr. Bakari Wadinga, representing the Ministry of Finance Incorporated (MOFI) retired on 15 July 2019.

Consequently, the Board of Directors of the Company comprised the following as at year-end 2019:

S/N	Directors	Date appointed to the Board	Date(s) re-appointed/ re-elected	Comments
1	Mr. Emmanuel N. Nnorom	January, 2014	March 2017	Chairman
2	Mrs Owen Omogiafo	January, 2019	N/A	MD/CEO
3	Ms. Okaima Ohizua*	June, 2013	N/A	Executive Director, Customer Service
4	Mr. Valentine Ozigbo	October, 2011	January 2019	Non-Executive Director
5	Mr. Adim Jibunoh	March, 2016	March 2018	BAGC Chairman
6	Mr. Peter Elumelu	November, 2014	March 2017	FIC Chairman
7	Mr. Alex Okoh	April, 2017	N/A	Non-Executive Director
8	Mr. Alexander Adeyemi	July, 2019	N/A	Non-Executive Director
9	Hajia Saratu Umar	October, 2016	March 2019	Independent Director
10	Mr. Yusuf Adamu**	November, 2018	N/A	Alternate Director to Mr Okoh

N/A means "Not applicable".

*Following her appointment as ED/COO, Transcorp Power Limited, Ms. Okaima Ohizua resigned from the Board of the Company as a Director on February 10, 2020 and Mrs. Helen Iwuchukwu was appointed as an Executive Director/Chief Operating Officer of the Company on February 12, 2020.
**Following his retirement at year-end 2019, Mr. Yusuf Adamu was replaced with Mr. Oduniyi Muyiwa as alternate Director to Mr. Okoh effective February 17, 2020.

2.3 Board Meeting Attendance

The Board met five (5) times in 2019. The table below shows the frequency of meetings of the Board and members' attendance:

Directors	No. of Meetings	No. of Meetings Attended	Dates of Meetings Attended	Apology
Mr. Emmanuel N. Nnorom	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Mrs. Owen Omogiafo	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Ms. Okaima Ohizua*	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Mr. Valentine Ozigbo	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Mr. Adim Jibunoh	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Mr. Peter Elumelu	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Mr. Alex Okoh (or Mr. Yusuf Adamu)	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Hajia Saratu Umar	5	5	11 February 2019, 29 April 2019, 15 July 2019, 15 October 2019, 3 December 2019.	None
Dr. Bakari Wadinga**	1	1	11 February 2019.	None
Mr. Alexander Adeyemi	3	1	3 December 2019.	15 July 2019 15 October 2019.

3. Board Committees & Executive Management Committee

3.1 Board Audit & Governance Committee

The Terms of reference of the Board Audit & Governance Committee (BAGC) include the following:

- Advise the Board on corporate governance standards and formulate policies;
- Establish procedures for the nomination of Directors;
- Advise and recommend to the Board the composition of the Board;
- Approve recruitments, promotions, redeployments, and disengagements for the Company heads of departments that make up the Executive Management Committee;
- Review and evaluate the skills of members of the Board;
- Recommend to the Board, compensation for all staff of the Company;
- Review and approve all human resources and governance policies for the Company;
- Review and recommend to the Board and Shareholders any changes to the memorandum and articles of association; and
- Evaluate and appraise the performance of the Board and Board Committees and its members annually in conjunction with consultants.

The Committee comprises:

1. Mr. Adim Jibunoh - Chairman
2. Mr. Valentine Ozigbo - Member
3. Mr. Peter Elumelu - Member
4. Mr. Alexander Adeyemi - Member

* Ms Okaima Ohizua resigned as a Director effective 10 February 2020 and Mrs. Helen Iwuchukwu was appointed as an Executive Director / Chief Operating Officer effective 12 February 2020.
** Dr. Bakari Wadinga resigned as a Director effective 15 July 2019 and Mr. Alexander Adeyemi was appointed as Non-Executive Director on 15 July 2019.

The BAGC met four (4) times in 2019. The table below shows the frequency of meetings of BAGC and members' attendance:

Directors	No. of Meetings	No. of Meetings Attended	Dates of Meetings Attended	Apology
Mr. Adim Jibunoh	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Valentine Ozigbo	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Peter Elumelu	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Dr. Bakari Wadinga*	2	2	5 February 2019, 4 April 2019.	None
Mr. Alexander Adeyemi	2	2	5 July 2019, 7 October 2019.	None

3.2 Finance and Investment Committee

The Terms of reference of the Finance and Investment Committee (FIC) include the following:

- Discharge the Board's responsibilities with regard to strategic direction and budgeting;
- Provide oversight on financial matters and the performance of the Company;
- Review and recommend investment opportunities or initiatives to the Board for decision;
- Recommend financial and investment decisions within its approved limits;
- Assist the Board in fulfilling its oversight responsibilities with regard to audit and control;
- Ensure that an effective system of financial and internal control is in place;
- Monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of the Company;
- Monitor and evaluate regularly, the qualifications, independence and performance of external and internal auditors and the financial control departments;
- Review the budget of the Company and make recommendations to the full Board for approvals above its limit;
- Monitor the performance of the Company's budget against actual results; and
- Review from time to time the capital (debt/equity) requirements of the Company and recommend to the Board for approval.

The Committee comprises:

1. Mr. Peter Elumelu - Chairman
2. Mrs. Owen Omogiafo - Member
3. Ms. Okaima Ohizua - Member
4. Mr. Valentine Ozigbo - Member
5. Mr. Adim Jibunoh - Member
6. Mr. Alex Okoh - Member

*Dr. Bakari Wadinga resigned July 15 2019 and Mr. Alexander Adeyemi was appointed as Non-Executive Director on July 15, 2019.

The FIC met four (4) times in 2019. The table below shows the frequency of meetings of the FIC and members' attendance:

Directors	No. of Meetings	No. of Meetings Attended	Dates of Meetings Attended	Apology
Mr. Peter Elumelu	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mrs. Owen Omogiafo	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Ms. Okaima Ohizua	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Valentine Ozigbo	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Adim Jibunoh	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Alex Okoh	4	3	5 February 2019, 4 April 2019, 7 October 2019.	5 July 2019

3.3 The Statutory Audit Committee

In addition to its statutory functions under CAMA and its functions outlined in the SEC Code of Corporate Governance, the Statutory Audit Committee (SAC) is broadly empowered to, amongst other things, review the Company's financial reporting process, its system of audit, internal control, and management of financial risk with a view to ensure compliance with statutory, regulatory and professional requirements. The Committee, which also reviews the performance of external auditors, approves the Audit Plan and the Internal Audit Charter. It is chaired by a shareholder and has three shareholders' representatives and three Non-Executive Directors as members. The Committee is empowered to engage the services of independent consultants in the general discharge of its duties.

The Committee members include:

1. Mr. Akaninyene Obot – Chairman
2. Mr. Adim Jibunoh – Member
3. Mr. Peter Elumelu – Member
4. Hajia Saratu Umar – Member
5. Mr. Eric Akinduro – Member
6. Mr. Gafar Erinfolami – Member

The SAC met four (4) times in 2019.

The table below shows the frequency of meetings of the SAC and members' attendance:.

SCA Members	No. of Meetings	No. of Meetings Attended	Dates of Meetings Attended	Apology
Mr. Akaninyene Obot	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Adim Jibunoh	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Peter Elumelu	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Hajia Saratu Umar	4	3	4 April 2019, 5 July 2019, 7 October 2019.	5 February 2019
Mr. Eric Akinduro	4	4	5 February 2019, 4 April 2019, 5 July 2019, 7 October 2019.	None
Mr. Sanusi Mudasiru (Retired March 15)	1	1	5 February 2019.	None
Mr. Gafar Erinfolami (Elected March 15)	3	3	4 April 2019, 5 July 2019, 7 October 2019.	None

3.4 Executive Management Committee

The Executive Management Committee (EMC) is charged with the following responsibilities:

- Articulating the strategy of the Company and recommending same to the Board for approval;
- Discussing strategic matters and their impact on the Company's investment portfolio;
- Recommending to the Board the framework or policy for investment; and monitoring the implementation of investment procedures;
- In line with Board approvals, outlining of philosophy, policy, objectives and resultant tasks to be accomplished;
- Recommending to the Board, structures and systems through which activities are arranged, defined and coordinated in terms of specific objectives; and
- Preparation of annual financial plans for the approval of the Board and ensuring the achievement of set objectives.

4. Internal Control / Audit

The Board, Management and staff of the Company take ownership and responsibility for protecting the Company against fraudulent transactions. However, the Internal Auditor is specifically entrusted with this responsibility. The Internal Auditor also takes responsibility for ensuring and promoting compliance with statutory and regulatory requirements, as wells as with internal policies approved by the Board.

The primary functions of Internal Audit are to review transactions entered into by the Company to ensure accuracy, completeness and compliance. Internal Audit also provides assurance to the Board and Management that the internal control process is in place and adequate.

The Head of Internal Audit is fully empowered to do her job; she is independent of day-to-day operations and reports directly to the Board.

5. Relationship with Shareholders

The Company maintains continuous communication with its shareholders all year round. This enables them to understand our business, financial condition, operating performance and trends. In addition to the information disseminated via our annual report, financial statements, market updates, regulatory disclosures, media statements and investor relations conferences & calls, the company website provides information on a wide range of matters for all stakeholders and provides a complaints management procedure and whistleblowing process with anonymous feedback options. *Please refer to the Sustainability Report for the Complaints and Whistle-blowing Reports.*

6. Investor Relations

The Company has an Investors Relations Unit under the Finance department, which holds regular Investor conferences to brief all stakeholders on the performance of the Company. In addition, regulatory agencies are also briefed on the Company's performance. Regulatory returns and announcements, which are accessible to investors and the general public, are filed in a timely manner via the stock market news.

7. Directors' Remuneration Policy

The Board's remuneration policy is structured to suit the environment in which it operates and the results it achieves at the end of each financial year. It is reviewed when necessary to meet economic realities and includes the following;

Non-Executive Directors

Annual Fees & Allowances
Non–Executive Directors earn N2,000,000 as Directors' fees annually while the Chairman earns N3,000,000. Various components of remuneration are payable quarterly, once or half-yearly.

Board Meetings
Non-Executive Directors earn N150,000 sitting allowances per meeting, while the Board Chairman earns N200,000. Transport costs are reimbursed where applicable.

Committee Meetings
Non-Executive Directors earn N150,000 sitting allowances per meeting, while the Committee Chairmen earn N200,000. Transport costs are reimbursed where applicable. The Statutory Audit Committee members were sponsored for a training that they required to enhance their duties to the Company in the year 2019.

Executive Directors

The remuneration policy for Executive Directors include the following:
Fixed remuneration: To decide this, the level of responsibility is taken into consideration, while ensuring this remuneration is competitive with remuneration paid for equivalent posts of equivalent status within the industry both within and outside Nigeria.

Variable annual remuneration linked to performance: The amount of this remuneration is subject to achieving specific, quantifiable and measurable Key Performance Indicators (KPIs) set annually and appraised annually by the parent and Company Boards.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Transcorp Hotels Plc ("the Company") together with the consolidated and separate audited financial statements for the year ended 31 December 2019, to the members of the Company. This report discloses the state of the Company.

1. Principal Activities

The Company's business is hospitality.

2. Results for the year

The Group and Company's results for the year ended 31 December 2019 are set out on pages 58 to 118. The profit for the year of N614 million (Company: N634 million) has been transferred to retained earnings. The summarised results are presented below.

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Revenue	20,404,533	17,424,966	19,499,897	16,475,720
Gross profit	15,328,323	12,888,818	14,718,279	12,241,933
Profit before tax	1,124,233	5,041,581	1,133,926	5,187,367
Tax	(510,497)	(1,327,885)	(500,243)	(1,311,067)
Profit after tax	613,736	3,713,696	633,683	3,876,300

3. Dividend

The Board of Directors have approved the payment of dividend of 7 kobo per share amounting to N532,028,273 (2018: 15 kobo per share amounting to N1,140,060,585) on the outstanding ordinary shares of 7,600,403,900 shares of 50 kobo each for the year ended 31 December 2019. This is subject to shareholders declaration of same as final dividend at the next Annual General Meeting (AGM). Withholding tax at the applicable rate will be deducted at the time of payment.

4. Directors' Shareholding and their Interests

The Directors who held office during the year, together with their direct and indirect interests in the shares of the Company as at 31 December 2019, were as follows:

Directors' Shareholding as at December 31, 2019 and December 31, 2018

December 31, 2019						December 31, 2018
S/N	Directors	Direct	Indirect	Indirectly Held through	Total No. of Shares Held in 2019	Total No. of Shares Held in 2018
1	Emmanuel Nnorom	Nil	1,000,000	Vine Foods Ltd	1,000,000	1,000,000
			6,344,100,000	Transnational Corporation of Nigeria Plc	6,344,100,000	6,344,100,000
2	Owen Omogiafo*	350,000	Nil	N/A	350,000	N/A
3	Okaima Ohizua	50,000	Nil	N/A	50,000	50,000
4	Valentine Ozigbo	1,000,000	Nil	N/A	1,000,000	1,000,000
5	Adim Jibunoh	Nil	Nil	N/A	N/A	500
6	Peter Elumelu	100,000	Nil	N/A	100,000	100,000
7	Alexander Okoh	10,000	Nil	N/A	10,000	10,000
8	Alexander Adeyemi**	Nil	837,900,000	Ministry of Finance Incorporated (MoFI)	837,900,000	837,900,000
9	Hajia Saratu Umar	Nil	Nil	N/A	N/A	N/A

N/A means Not Applicable
*Mrs. Owen Omagiafo was appointed as an Executive Director on 1 January 2019
** Dr. Bakari Wadinga resigned, and Mr. Alexander Adeyemi was appointed, as a Non-Executive Director on 15 July 2019, both as representatives of MoFI

5. Directors' Interests in Contracts

None of the Directors notified the Company of any interest in contracts 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.

6. Alternate Directorship

There was no change in the alternate directorship during the year under review. However, in the year 2020, Mr. Yusuf Adamu was replaced by Mr. Oduniyi Muyiwa as an alternate Director to Mr. Alex Okoh, following the retirement of Mr. Yusuf Adamu at the end of the year 2019.

7. Shareholding Analysis

The shareholding structure of the Company as at 31 December 2019 was as follows:

Range Analysis as at 31 December 2019

Range	No of Holders	Holder %	Holders Cum	Units	Units %	Units Cum
1 - 999	355	20.47	355	66,999	0.00	66,999
1,000 - 9,999	862	49.71	1,217	1,953,752	0.03	2,020,751
10,000 - 99,999	410	23.64	1,627	8,926,542	0.12	10,947,293
100,000 - 999,999	90	5.19	1,717	15,214,175	0.20	26,161,468
1,000,000 - 9,999,999	11	0.63	1,728	32,292,432	0.42	58,453,900
10,000,000 - 99,999,999	2	0.12	1,730	71,000,000	0.93	129,453,900
100,000,000 - 999,999,999	3	0.17	1,733	1,126,850,000	14.83	1,256,303,900
1,000,000,000 - 999,999,999,999	1	0.07	1,734	6,344,100,000	83.47	7,600,403,900
Grand Total	**1,734**	**100**		**7,600,403,900**	**100**	

Shareholder Structure as at 31 December 2019

S/N	Holder Type	Holder Count	Holdings
1	Corporate	48	7,388,072,060
2	Individual	1,681	212,279,864
3	Joint	5	51,976
	Total	**1,734**	**7,600,403,900**

8. Share Capital History

Date	Authorised Increase Units	Authorised Cummulative Units	Issued Increase Units	Issued Cummulative Units	Consideration Units
12/07/1994	10,000,000	10,000,000	5,000,000	5,000,000	Cash
13/01/2014	20,000,000	30,000,000	16,000,000	21,000,000	Cash
13/03/2014	7,470,000,000	7,500,000,000	3,570,000,000	3,591,000,000	Bonus Issue
13/03/2014	7,500,000,000	15,000,000,000	3,591,000,000	7,182,000,000	Stock Split
11/11/2014	-	15,000,000,000	418,403,900	7,600,403,900	Cash

9. Shareholding of more than 5%

According to the register of members as at 31 December 2019, the following had more than 5% shareholding in the Company:

S/NO	Name	Holdings	%
1	Transnational Corporation of Nigeria Plc	6,344,100,000	83.47
2	Ministry of Finance Incorporated	837,900,000	11.02

10. Property, Plant and Equipment

Information relating to movement in property, plant & equipment is shown in Note 18 to the consolidated financial statements. In the opinion of the Directors, the market values of the Company's properties are not less than the value shown in these financial statements.

11. Employment of Physically Challenged Persons

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

12. Employee Health, Safety and Welfare

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

13. Employee Training and Involvement

The Directors maintain regular communication and consultation with the employees on matters affecting employees and the Group.

Employees are kept fully informed regarding the Group's performance and the Group operates an open door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

Employees are also involved in the affairs of the Group through the service charge bonus scheme, which entitles them to a percentage of the hotel's service charge revenue.

Training is carried out at various levels through in-house and external courses. The Group's skill base has been extended by a range of training provided to the employees whose opportunity for career development within the Group has been enhanced.

14. Donations and Gifts

The value of gifts and donations made by the Group during the year amounted to N8,939,860 (2018: N3,895,554) and is analysed as follows:

	2019	2018
Classroom building project – Bright Future Community School, Shape - Abuja	4,867,710	-
Business Empowerment Program for Women (BEPW)- Abuja	3,039,150	3,895,554
School bags and supplies to pupils of Bright Future Community School - Abuja	850,000	-
Donation to the Good Samaritan Home for the Aged - Calabar	60,000	-
Back-to-School donation of Stationary Items to PCN Big Qua - Calabar	123,000	-
	8, 939 ,860	3,895,554

15. Securities Trading Policy

The Company's Code of Conduct contains the Securities Trading Policy. It prohibits employees and Directors from insider trading, dealings and stock tipping during closed periods. The Capital Market, Board and Management are regularly notified of closed periods and no insider trading was recorded during the year 2019.

16. Complaint Management Procedure

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

17 Risk Management Policy & Practices

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

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

The risk management systems and practices at the Company are effective and efficient.

18 Event After the Reporting Date

As stated in Note 37 of the financial statements, no events or transactions have occurred since the reporting date which would have a material impact on the financial statements at that date, or which need to be mentioned in the financial statements in order not to make them misleading as to the financial position or results of operation.

By Order of the Board

Chike Anikwe
FRC/2017/NBA/00000016059
Acting Group Company Secretary

28 February 2020

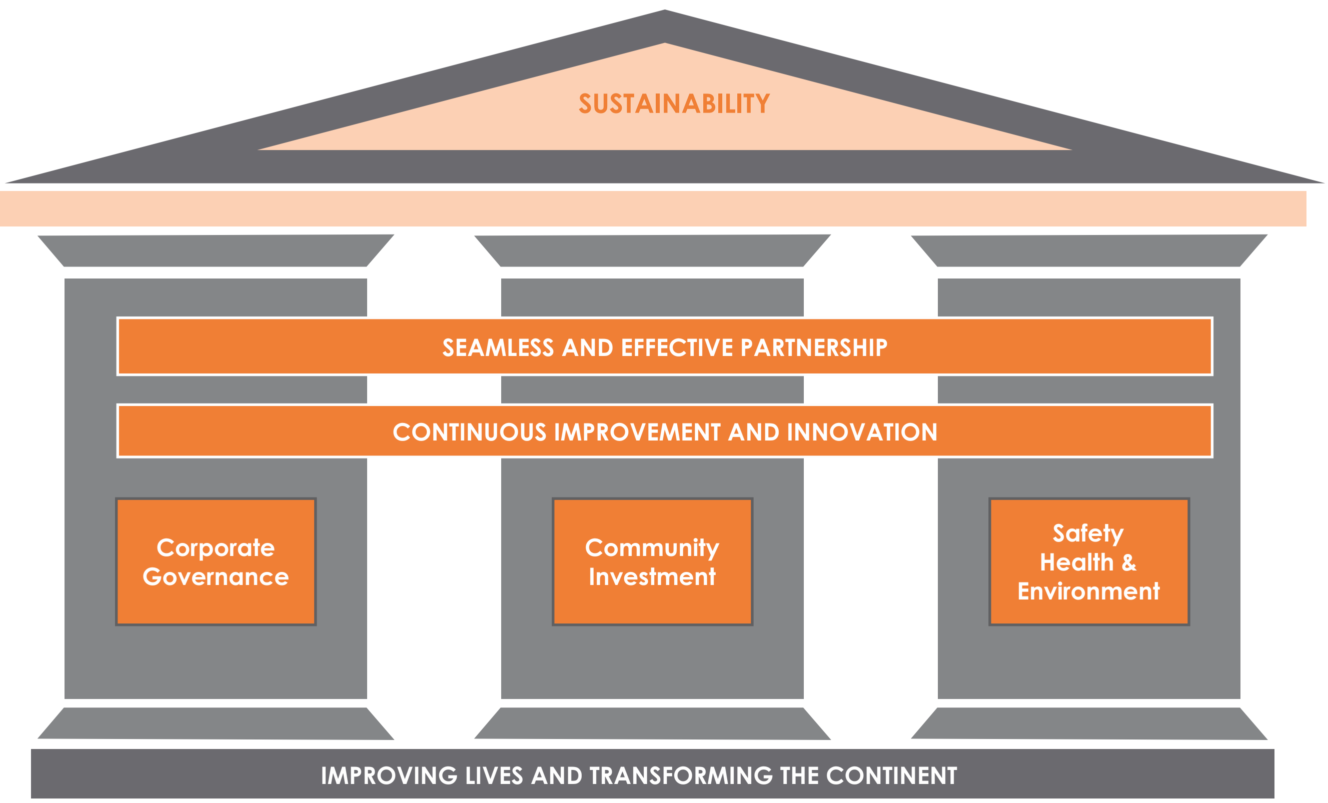
SUSTAINABILITY REPORT

The Management Team at Transcorp Hotels Plc and Transcorp Hilton Abuja, the Chairman of Transcorp Hotels Plc, Emmanuel Nnorom, the President/GCEO Transcorp, Valentine Ozigbo with team members during the commissioning of new staff buses.

Promoting corporate social responsibility, a clean environment and good corporate governance continues to remain an integral part of Transcorp Hotels Plc's strategy.

In this report, we describe the impact achieved in our sustainability journey this past year even as we continue to deepen our efforts to enrich our host communities and create sustainable development and value creation in the coming years.

Transcorp Hotels Plc's sustainability strategy is hinged on three (3) major pillars



CORPORATE GOVERNANCE

Transcorp Hotels Plc operates with good corporate governance practices and has continually put in place policies and procedures that govern the relationship between the Board, Management and all stakeholders to ensure transparency, fairness, accountability, financial sustainability and enhance shareholder value.

The Board is responsible for embedding high standards of Corporate Governance across the Company, essential for the sustainability of our Company. Below are some of its initiatives:

> ***"A system of checks and balances within a Company's Board, Management and Investors, aimed at efficient operations and the delivery of long-term value.***

S/N	Governance Innitiatives	Description
1	Stakeholder Engagement	We recognise that positive outcomes cannot be achieved without adequate engagement of our diverse stakeholders. Hence, we engage our stakeholders through various media platforms (surveys, forums/feedback sessions, retreats, newsletters, letters of commendation) to ensure stakeholder needs and concerns are received, understood and addressed. In addition, our stakeholders are engaged via: • Investors' conference: Periodic meetings held with institutional shareholders to discuss the Companies performance. • Annual General Meeting: Annual meeting held with all shareholders to discuss the business and its performance • Website: Through the "Contact us" portal on the Company's website (http://transcorphotels.com/contact/) • Complaint Management Procedure: A dedicated process for the handling and resolution of shareholder complaints. • Social Media: We are active on all our social media platforms; LinkedIn, Facebook, Instagram, Twitter and LinkedIn.
2	Policies & Procedures	Dedicated policy documents that codify the Company's values, guide on ethical issues and foster a culture of honesty and accountability have been instituted by the Board and are implemented by Management. Also, in place is a Whistleblowing Procedure - a dedicated process for reporting suspected violations of the Company's policies or national laws and regulations.
3	Vendors & Suppliers	Our suppliers and vendors maintain a high level of standard as our procurement policy is both efficient and effective. We ensure all conditions in the policy are met before contracting and dealings are made. Vendors are encouraged to practice and improve sustainability as preference is given to vendors whose processes have the least damaging effect on our environmental and human health.

S/N	Governance Initiatives	Description
4	Employees	We educate and encourage employees to make conscious decisions in favour of environmental, ethical and social issues both at work and in their private lives. We are an equal opportunity employer: a no-discrimination policy is observed, and all employees are responsible for complying with this policy and ensuring standards of behaviour are complied with, thus treating others on merit and ensuring no form of direct or indirect discrimination, victimization or harassment. Transcorp Hotels Plc acknowledges that staff training is important to improve employee performance and productivity whilst creating job satisfaction and excellent service delivery tailored to meet the needs of our guest. Training is carried out at various levels: on the job, group-wide, locally and internationally.
5	Customers	Customer/Guest loyalty is priceless to us at Transcorp Hotels Plc so we take active steps to "get it right the first time" (GIFT) by employing the Kaizen principle of continuous improvement and institutionalizing a culture of zero-tolerance for poor customer service or discrimination. On the rare occasions we miss the mark, we commit to immediately "make it right"(MIR). Data protection policies are also in place to safeguard customers and guest information.

COMMUNITY INVESTMENT

During the year, Transcorp Hotels Plc worked to increase its positive social impact within its local community and environs. Below are some of the activities we carried out within the year.

1. Our team members at Transcorp Hilton Abuja in partnership with ACE charity (ACE), a non-governmental organization (NGO), **constructed a new block of classrooms** to provide a conducive environment for the children of Shape Village to learn.
2. **Business Empowerment Programme for Women (BEPW):** Led by the burning desire to tackle unemployment in the community we have sustained our Business Empowerment Program which empowers women with skills in sewing and training opportunities that ensure they are financially and economically included. After the training period, these women are provided with resources such as sewing machines to kickstart their entrepreneurial journey. This year, the 5th batch of ladies in this programme graduated, bringing to 15 the total number of beneficiaries since inception.
3. Transcorp Hotels Calabar **donated school supplies to the pupils** of Presbyterian Nursery and Primary School, Big Qua Community, Calabar. This move reinforces Transcorp Hotels Calabar's commitment to invest in its immediate community.

"Positive social impact made by Organizations, leading to strengthened relationships with the local community and an improved reputation for the organisation"

Transcorp Hilton Abuja's team members during an outreach to the Daughters of Charity Hospital, Abuja.

Transcorp Hilton Abuja team members building a school for the children of Shape Community, Abuja.

Graduands at the graduation ceremony of the 5th batch of the Business Empowerment Program for women (BEPW)

The Transcorp Hotels Calabar Team during an outreach visit to the Pope John Paul II Good Samaritan Home for the Aged.

This activity ensured that over **200 pupils were empowered with school stationery** needed to create a good learning environment for the new school year.

4. To celebrate Children's Day, Transcorp Hilton Abuja provided 100 school bags with school supplies in them for children in its host community.

5. Transcorp Hilton Abuja welcomed the pupils of Alderwood International School Abuja to a motivational session to celebrate the International Day of the Girl Child 2020.

6. We extended our warmth of hospitality beyond our doors by taking the random act of hospitality to our communities. We supported the Daughters of Charity Hospital with food and hospitality supplies to provide comfort to the sick.

7. Through the Careers at Hilton Program, we have ensured continuity of the hospitality industry amongst the youths of Nigeria. We organized a **4-week internship program for a total of 45 youths** with our community partners ACE, with the main objective of the program to give youths ahead starts in the industry and impact necessary skills to achieve their full potentials.

8. We partnered with **Project PINK BLUE** to organize the largest walk/run/cycle against cancer in West Africa. During this walk, free Breast, Cervical and Prostrate Cancer Screening was offered to and available for all participants.

9. We remained strongly committed to improving climate change. To show our strong commitment, we observed the **Earth Hour #connect2earth**, supported by the Abuja Metropolitan Music Society (AMEMUSO), an NGO that provides a platform for Nigerians to express their musical talents. Additionally, we continue to encourage Guests to optimize their water usage and consumption through our "Conserve Water" campaign at our properties.

10. To mark this year's Autism Awareness Day, we took time out to read a book to children from the OLG Autism Center on the last day of an **Art Exhibition** sponsored by us.

11. Transcorp Hilton Abuja empowered women in the rural Shape community with bars of recycled soap from the hotel as seed funding for their trading businesses.

12. The team at Transcorp Hotels Calabar extended hospitality to the inmates of the Medium Security Custodial Centre, Calabar (Formerly Calabar Prisons) and made donations of laundry items and refreshments to celebrate the festive season.

13. Taking care of our host community is one of the ways we give back. Transcorp Hotels Calabar embarked on a preservation project by **repainting of the Ekpe meeting hall** for the Big Qua Clan to create a more conducive meeting venue for the council members of the clan.

Owen Omogiafo, MD/CEO of Transcorp Hotels Plc; Kiki James, Founder/CEO, ACE Charity Foundation and Shola Adeyemo, PR Manager, Transcorp Hilton Abuja presenting a completion certificate at the graduation ceremony of the 4th batch of the Business Empowerment Program for women (BEPW).

Ekpe Community Hall repainted by the team members at Transcorp Hotels Calabar.

Okaima Ohizua, ED Customer Service, Transcorp Hotels Plc and Kevin Brett, GM Transcorp Hilton lead the team in the Project PINK BLUE Annual Walk Against Cancer.

The MD/CEO of Transcorp Hotels Plc welcoming the kids of Alderwood International during the International Day of the Girl Child 2019.

The team at Transcorp Hilton Abuja taking school supplies to the children of Shape community.

Students having an engaging conversation with Benjamin Attah of the Finance Department during the Careers at Hilton Initiative 2019.

The students of Presbyterian Nursery and Primary School, Calabar during the distribution of school supplies by Charity Mozobam, Sales and Marketing Officer at Transcorp Hotels Calabar.

Activities that foster and implement practical aspects of environmental protection and safety at work.

SAFETY, HEALTH AND ENVIRONMENT

In 2019, Transcorp Hotels Plc sustained its commitment to protect its environment through waste management as well as through recycling initiatives. Throughout the year, we also continually accessed and enhanced our Security, Health and Safety procedures to ensure high standards were maintained.

Some projects on Health, Safety and Environment (HSE) which we embarked on are:

- **The Soap for Hope Project**
  Billions of people die globally as a result of poor personal hygiene. At Transcorp Hotels Plc we believe in creating sustainable impact in our community.

  The Soap for Hope Project is a tripartite relationship between Transcorp Hilton, Ace Charity and Diversey which was launched in 2016. Used soaps are recovered from the hotel, recycled and donated to students of government primary/secondary schools and to local communities in need, thereby eliminating waste, savings lives and creating new jobs.

  The aim of the program is to promote personal hygiene, reduce waste in our immediate environment and empower women economically.

- **Waste Resource Management**
  We are passionate about protecting the environment and have partnered with Chanja Datti, a social enterprise that transforms waste to value. Waste such as plastic, glass bottles, aluminum cans, old newspapers, cartons is recycled to high-quality products.

  Through this partnership, Transcorp Hilton Abuja was able to recycle 26,321kilogram (kg) of waste thereby reducing environmental pollution.

- **Water: Save Every Drop**
  The adoption of best practice to save water at our hotels were sustained. We maintained water-efficient equipment like low-flow showerheads and taps at the hotels and continued the education of guests and team members on the optimization of water usage.

- **Safety and Health Training**
  The health and safety of our stakeholders cannot be overemphasized, we prioritize healthy living and provide preventive mechanisms to safety issues.

  The company provides training to staff on fire safety and emergency procedures, first aid, risk assessment or accident reporting, safe use of tools and storage of protective equipment.

  A refresher training is also conducted regularly, ensuring that staff are aware of work-related hazards and health and safety needs, making the work environment a safe place to work.

For the 5th Consecutive Year, Transcorp Hilton Abuja won the Prestigious World Travel Awards in 5 categories, including Africa's Leading Business Hotel.

AWARDS AND RECOGNITION

As a testament of our outstanding performance in changing the narrative of the hospitality industry in Africa, the following recognitions were received in 2019:

- For the 4th consecutive year, Transcorp Hilton Abuja emerged as the winner of the prestigious Signum Virtutis (Seal of Excellence) award;
- Transcorp Hilton Abuja was also honoured with the Seven Star Business Hotel (Africa Special).

Five (5) prestigious awards at the 2019 World Travel Award. These include:

- Africa's Leading Business Hotel;
- Nigeria's Leading Meetings, Incentives, Conferences, and Exhibitions (MICE) Hotel;
- Nigeria's Leading Hotel Suite;
- Nigeria's Leading Hotel; and
- Nigeria's Leading Business Hotel

The TripAdvisor Awards won were:

- The TripAdvisor Certificate of Excellence for our Bukka Restaurant;
- The trip advisor Certificate of Excellence for Transcorp Hilton Abuja; and
- The Trip Advisor Travellers Choice Award for Transcorp Hilton Abuja;

- The Prix'D Excellence Award for Best Hotel (design, content) presented by the FIABCI Nigeria;
- The Abuja Business and Excellence Awards for the Most Outstanding Business brand of the year; and
- The MD/CEO of Transcorp Hotels Plc was recognized as one of the Top 100 Female CEOs in Africa by Reset Global People and also received the Great Impact Award by the University of Benin Alumni Association, United Kingdom Branch. The MD/CEO & ED - Customer Service Transcorp Hotels Plc were both recognised as one of the top 50 Leading Ladies in Corporate Nigeria by Leading Ladies Africa.

Transcorp Hilton Abuja receiving the Signum Virtutis, Seal of Excellence Awards for the 4th Consecutive time.

Through our international and local recognitions, we are putting the Nigerian hospitality industry on the map

AA&Co

Angela Aneke & Co, Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria +234 703 403 3833

February 18th, 2020

Statement by the External Consultants on the Board Evaluation of Transcorp Hotels Plc for the year ended December 31, 2019

By a letter of engagement from the Board of Directors of Transcorp Hotels Plc (the Company), Angela Aneke & Co. Limited was appointed to perform an evaluation of the Board for the year ended 31st December 2019.

The Board evaluation exercise was carried out using criteria from the SEC Code of Corporate Governance, the Company's corporate governance framework and global best practice.

Our approach involved the review of documents provided by the Company, research on global best practice, and the collation and analysis of the responses from the interviews, questionnaires, and a self/peer assessment by members of the Board. In order to enhance the efficiency of the Board evaluation exercise, we adopted an automated online process for issuing the board evaluation questionnaires and the self/peer assessment survey to the directors.

Our findings and recommendations have been submitted to the Board of Transcorp Hotels Plc. in a detailed report.

- The Board of Transcorp Hotels Plc. has formal governance practices in place to guide the Company. The company has set up the mandatory committees required by the SEC Code and its Corporate Governance Framework.

- The system of Corporate Governance at Transcorp Hotels Plc. is underpinned by a comprehensive Board Governance & Board Committee Governance Charter. The mandates and terms of reference of the Board Committees are clearly defined in this charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management and controls.

- The Board operates effectively fully carrying out its functions of Strategic Direction, Policy Formulation, Decision Making and Oversight. The Company's strategy is clearly defined and there is effective monitoring of the same by the Board. The Board ensures that all necessary policies are approved to ensure the smooth running of the company.

AA&Co

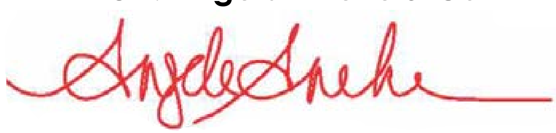
Angela Aneke & Co, Suite 81 Dolphin Plaza, Corporation Drive, Dolphin Estate, Lagos, Nigeria +234 703 403 3833

- The Chairman of the Board and indeed all the directors are each highly skilled in their respective professions and this greatly aids the comprehensive deliberations on the Board. The Board is diverse in experience, skills and gender and directors were rated highly by their peers.

- The Company also acted as a responsible citizen by embarking on several corporate social responsibility activities in 2019.

We conclude that the Board of Transcorp Hotels Plc. is substantially compliant with the provisions of the SEC Code of Corporate Governance 2011 and has also demonstrated its readiness to adopt the requirements of the Nigerian Code of Corporate Governance issued by the Financial Reporting Council which is to take effect in 2020.

Yours faithfully,
FOR: **Angela Aneke & Co Limited**



Angela Aneke
Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 December 2019

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 Group at the end of the year and of its profit or loss. The responsibilities include:

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

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

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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards 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 Group and of its profit for the year ended 31 December 2019. 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 Group will not remain a going concern for at least twelve months from the date of this statement.

Emmanuel N. Nnorom
FRC/2014/ICAN/0007402
Chairman

Owen Omogiafo
FRC/2019/IODN/00000019827
Managing Director/CEO

REPORT OF THE STATUTORY AUDIT COMMITTEE

for the year ended 31 December 2019

To the members of Transcorp Hotels Plc

In accordance with the provisions of Sec 359(6) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 ("the Act"), we, the members of the Audit Committee of Transcorp Hotels Plc ("the Company"), having performed our statutory obligations under the Act, hereby report that:

(a) The accounting and reporting policies of the Company for the year ended 31 December 2019 are consistent with legal requirements and ethical practices;

(b) The internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems;

(c) The scope and planning of the statutory independent audit for the year ended 31 December 2019 are satisfactory; and

(d) We have considered the independent auditors' post-audit report and Management responses thereon and are satisfied with the responses to our questions as well as the state of affairs at Transcorp Hotels Plc.

Akaninyene Obot
FRC No. FRC/2013/ICAN/00000004721

Dated this 13th day of February 2020

Members of the Statutory Audit Committee

1.	Mr. Akaninyene Obot	–	Chairman	(Shareholders' Representative)
2.	Mr. Eric Akinduro	–	Member	(Shareholders' Representative)
3.	Mr. Gafar Erinfolami	–	Member	(Shareholders' Representative)
4.	Mr. Adim Jibunoh	–	Member	(Board Representative)
5.	Mr. Peter Elumelu	–	Member	(Board Representative)
6.	Hajia Saratu Umar	–	Member	(Board Representative)

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ey.com

Independent Auditor's Report

To the Members of Transcorp Hotels Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Transcorp Hotels Plc (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Transcorp Hotels Plc and its subsidiaries as at 31 December 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and other independence requirements applicable to performing audits of Transcorp Hotels Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Transcorp Hotels Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

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Independent Auditor's Report

To the Members of Transcorp Hotels Plc – Continued

Report on the Audit of the Consolidated and Separate Financial Statements – Continued

Key Audit Matter	How the matter was addressed in the audit
Assessment of goodwill impairment (Consolidated financial statements) The Group has a material goodwill balance of ₦1.975 billion, which principally relates to the 100% acquisition of Transcorp Hotels Calabar Limited on 30 September 2012. Goodwill was calculated as the difference between the purchase consideration for the 100% interest in Transcorp Hotels Calabar Limited and the Company's share of net assets acquired. Goodwill is allocated on the Company's cash generating unit (CGU) which is Transcorp Hotels Calabar Limited. In line with the provisions of IAS 36 Impairment of assets, goodwill should be tested for impairment annually. The Company tested goodwill for impairment and no impairment charge has been recorded against these balances in the current financial year. The annual impairment test is significant to our audit because the balance involved is significant to the Group and the testing process is complex and requires significant judgments made by the Directors concerning the estimated value future cash flows, associated discount rates and growth rates based on their view of future business process. The current economic climate also increases the complexity of forecasting. Scrutiny is placed on forecast assumptions and discount rates, with a greater focus on more recent trends and less reliance on historical trends. Accordingly, the impairment test of goodwill is considered a key audit matter due to the impact of the above assumptions. The disclosure of goodwill is set out in Note 20 of the consolidated and separate financial statements.	Our key audit procedures comprised the following: We considered the determination of the cash generating units. We evaluated the model used in determining the value in use of the cash generating units, as well as assessing the discount rate used. We compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations. We involved an EY internal valuation specialists to assist in evaluating management's key assumptions used in the impairment calculations. We ensured appropriate disclosure in the financial statements.

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Independent Auditor's Report

To the Members of Transcorp Hotels Plc – Continued

Report on the Audit of the Consolidated and Separate Financial Statements – Continued

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment properties (Separate financial statements) The Company owns some investment properties comprising land and building. The investment property is a significant account to the Group. We focused on this area due to the size of the investment property balance and the involvement of significant judgement in determining the appropriate valuation methodology and in estimating the underlying assumptions. The valuations are highly sensitive to key assumptions applied in deriving the capitalization rates, market rents, discount and terminal yield rates, which increases the risk of error or potential bias i.e. a small change in the assumptions can have a significant impact to the valuation. These investment properties are stated at their fair values based on independent external valuations. Investment properties are disclosed in Note 19 to the consolidated and separate financial statements.	Our key audit procedures comprised the following: We obtained and inspected the Investment Property valuation report prepared by the external property valuer. We evaluated the level of qualification, expertise, independence and objectivity of the external property valuer. We reviewed the valuation methodology to confirm consistency with previous years. We evaluated the valuation methodologies adopted with reference to those applied by other external property valuers for similar property types. We compared the tenancy information, including occupancy rates and market rents, provided by the Group to the external property valuer with underlying contracts and documentation, on a sample basis. We ensured the valuation is adequately disclosed in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Chairman's Statement, Statement of Directors' Responsibility, Report of the Audit Committee, Value Added Statement and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our Auditor's report thereon.

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

Independent Auditor's Report

To the Members of Transcorp Hotels Plc – Continued

Report on the Audit of the Consolidated and Separate Financial Statements – Continued

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this Auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

Independent Auditor's Report

To the Members of Transcorp Hotels Plc – Continued

Report on the Audit of the Consolidated and Separate Financial Statements – Continued

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Company audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Independent Auditor's Report

To the Members of Transcorp Hotels Plc – Continued

Report on the Audit of the Consolidated and Separate Financial Statements – Continued

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- 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;
- in our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books; and
- the Group and the Company's consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

Yusuf Aliu, FCA
FRC/2012/ICAN/00000000138
For: Ernst & Young
Lagos, Nigeria

20 February 2020

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		₦'000	₦'000	₦'000	₦'000
Revenue from contracts with customers	9	20,404,533	17,424,966	19,499,897	16,475,720
Cost of sales	10	(5,076,210)	(4,536,148)	(4,781,618)	(4,233,787)
Gross profit		15,328,323	12,888,818	14,718,279	12,241,933
Other operating income	11	460,478	526,472	497,433	735,177
Impairment (loss)/gain on financial assets	15	(55,191)	44,864	(52,640)	34,432
Administrative expenses	14	(10,411,128)	(8,430,763)	(9,830,565)	(7,835,534)
Operating profit		**5,322,482**	**5,029,391**	**5,332,507**	**5,176,008**
Finance costs	12	(4,302,948)	-	(4,302,948)	-
Finance income	12	104,699	12,190	104,367	11,359
Profit before tax		1,124,233	5,041,581	1,133,926	5,187,367
Income tax expense	16	(510,497)	(1,327,885)	(500,243)	(1,311,067)
Profit for the year		**613,736**	**3,713,696**	**633,683**	**3,876,300**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		**613,736**	**3,713,696**	**633,683**	**3,876,300**
Profit for the year attributable to:					
Equity holders of the parent		615,568	3,714,834	633,683	3,876,300
Non-controlling interests		(1,832)	(1,138)	-	-
		613,736	**3,713,696**	**633,683**	**3,876,300**
Earnings per share					
Basic, profit for the year attributable to ordinary equity holders of the parent	17	8	49	8	51
Diluted, profit for the year attributable to ordinary equity holders of the parent	17	8	49	8	51

The notes on pages 62 to 116 are integral part of this financial statements.

Consolidated and Separate Statement of Financial Position as at 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
Assets		N'000	N'000	N'000	N'000
Non-current assets					
Property, plant and equipment	18	106,596,116	103,306,111	93,731,688	90,586,327
Investment properties	19	-	-	2,309,000	2,270,000
Intangible assets	20	2,101,734	2,068,931	126,291	93,380
Investment in subsidiaries	6	-	-	3,529,781	3,529,781
Long term receivables	35	-	-	6,664,613	6,583,955
Deferred tax assets	16	78,711	69,687	-	-
		108,776,561	105,444,729	106,361,373	103,063,443
Current assets					
Inventories	23	528,775	573,532	479,289	526,851
Trade and other receivables	24	2,622,368	2,062,563	2,663,453	2,051,882
Prepayments	25	379,222	421,597	366,981	407,445
Cash and short-term deposit	26	2,439,341	2,775,165	2,374,956	2,736,069
		5,969,706	5,832,857	5,884,679	5,722,247
Total assets		**114,746,267**	**111,277,586**	**112,246,052**	**108,785,690**
Equity					
Issued capital	27	3,800,202	3,800,202	3,800,202	3,800,202
Share premium	27	4,034,411	4,034,411	4,034,411	4,034,411
Retained earnings		49,710,434	49,626,894	49,904,570	49,802,915
Equity attributable to equity holders of the parent		57,545,047	57,461,507	57,739,183	57,637,528
Non-controlling interests		(2,130)	(298)	-	-
Total equity		**57,542,917**	**57,461,209**	**57,739,183**	**57,637,528**
Liabilities					
Non-current liabilities					
Interest-bearing loans and borrowings	22	21,459,536	21,792,732	21,459,536	21,792,732
Deferred income	29	1,073,534	-	1,073,534	-
Deposit for shares	33	2,410,000	2,410,000	-	-
Contract liabilities	30	2,603,170	2,750,850	2,603,170	2,750,850
Deferred tax liability	16	7,103,233	6,977,463	7,103,233	6,977,463
		34,649,473	33,931,045	32,239,473	31,521,045
Current liabilities					
Contract liabilities	30	185,152	187,469	185,152	187,469
Trade and other payables	31	10,561,530	8,036,253	10,296,974	7,804,949
Interest-bearing loans and borrowings	22	10,870,296	9,885,906	10,870,296	9,885,906
Deferred income	29	208,442	-	208,442	-
Income tax payable	16	728,457	1,775,704	706,532	1,748,793
		22,553,877	19,885,332	22,267,396	19,627,117
Total liabilities		57,203,350	53,816,377	54,506,869	51,148,162
Total equity and liabilities		**114,746,267**	**111,277,586**	**112,246,052**	**108,785,690**

The notes on pages 62 to 116 are integral part of this financial statements.

The financial statements was approved and authorised for issue by the Board of Directors on 17 February 2020 and was signed on its behalf by:

Mr. Emmanuel Nnorom
FRC/2014/ICAN/0007402
Chairman

Oluwatobiloba Ojediran
FRC/2020/001/00000020314
Acting Chief Finance Officer

Mrs. Owen Omogiafo
FRC/2019/IODN/00000019827
Managing Director/CEO

Consolidated and Separate Statement of Changes in Equity for the year ended 31 December 2019

The Group	Issued capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'000	Non-controlling interests ₦'000	Total equity ₦'000
As at 1 January 2018	3,800,202	4,034,411	47,052,121	54,886,734	840	54,887,574
Profit for the year	-	-	3,714,834	3,714,834	(1,138)	3,713,696
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	3,800,202	4,034,411	50,766,955	58,601,568	(298)	58,601,270
Dividends	-	-	(1,140,061)	(1,140,061)	-	(1,140,061)
At 31 December 2018	**3,800,202**	**4,034,411**	**49,626,894**	**57,461,507**	**(298)**	**57,461,209**
As at 1 January 2019	3,800,202	4,034,411	49,626,894	57,461,507	(298)	57,461,209
Profit for the year	-	-	615,568	615,568	(1,832)	613,736
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	3,800,202	4,034,411	50,242,462	58,077,075	(2,130)	58,074,945
Dividends	-	-	(532,028)	(532,028)	-	(532,028)
At 31 December 2019	**3,800,202**	**4,034,411**	**49,710,434**	**57,545,047**	**(2,130)**	**57,542,917**

The Company	Issued capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total equity ₦'000
As at 1 January 2018	3,800,202	4,034,411	47,066,676	54,901,289
Profit for the year	-	-	3,876,300	3,876,300
Other comprehensive income	-	-	-	-
Total comprehensive income	3,800,202	4,034,411	50,942,976	58,777,589
Dividends for 2018	-	-	(1,140,061)	(1,140,061)
At 31 December 2018	**3,800,202**	**4,034,411**	**49,802,915**	**57,637,528**
As at 1 January 2019	3,800,202	4,034,411	49,802,915	57,637,528
Profit for the year	-	-	633,683	633,683
Other comprehensive income	-	-	-	-
Total comprehensive income	3,800,202	4,034,411	50,436,598	58,271,211
Dividends for 2019	-	-	(532,028)	(532,028)
At 31 December 2019	**3,800,202**	**4,034,411**	**49,904,570**	**57,739,183**

The notes on pages 62 to 116 are integral part of this financial statements.

Consolidated and Separate Statement of Cash Flows for the year ended 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		₦'000	₦'000	₦'000	₦'000
Cash flows from operations					
Cash generated from operating activities	32	8,074,435	11,267,496	7,891,610	9,786,859
Income tax paid	16	(1,440,999)	(770,674)	(1,416,735)	(757,348)
Net cash flows from operating activities		6,633,436	10,496,822	6,474,875	9,029,511
Investing activities					
Interest received		104,699	12,190	104,367	11,359
Proceeds from sale of property, plant and equipment		6,351	-	4,832	-
Purchase of property, plant and equipment	18	(3,755,614)	(9,062,677)	(3,496,583)	(7,507,907)
Purchase of intangible asset	20	(56,811)	-	(55,987)	-
Net cash flows used in investing activities		(3,701,375)	(9,050,487)	(3,443,370)	(7,496,548)
Financing activities					
Proceeds from borrowings	7	16,610,000	5,139,176	16,610,000	5,139,176
Repayment of borrowings	7	(14,076,958)	(3,649,787)	(14,076,958)	(3,649,787)
Interest paid	7	(5,738,254)	(4,022,113)	(5,738,254)	(4,022,113)
Dividends paid to equity holders of the parent		(187,406)	(947,000)	(187,406)	(947,000)
Net cash flows from financing activities		(3,392,617)	(3,479,724)	(3,392,618)	(3,479,724)
Net decrease		(460,556)	(2,033,389)	(361,113)	(1,946,761)
Net foreign exchange difference		124,732	158,209	-	154,469
Cash and cash equivalents at 1 January		2,775,165	4,650,345	2,736,069	4,528,361
Cash and cash equivalents at 31 December		**2,439,341**	**2,775,165**	**2,374,956**	**2,736,069**

The notes on pages 62 to 116 are integral part of this financial statements.

Notes to the Consolidated and Separate Financial Statements for the year ended 31 December 2019

1. Corporate information

` The consolidated financial statements of Transcorp Hotels Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 17 February 2020. Transcorp Hotels Plc (the Company or the parent) was incorporated under the Companies and Allied Matters Act on 12 July 1994 as a private limited liability company and is domiciled in Nigeria. Following a successful Initial Public Offer (IPO), the Company was in January 2015 listed on the Nigerian Stock Exchange and its shares are publicly traded. The registered office is located at 1 Aguiyi Ironsi Street, Maitama, Federal Capital Territory, Abuja, Nigeria.

The Group is principally engaged in hospitality activities; rendering of hotel services by providing luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travellers and tourists from all over the world. Information on the Group's structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 35.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

The consolidated financial statements provide comparative information in respect of the previous year.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

2.3 Summary of significant accounting policies

(a) Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

(b) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle

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

All other assets are classified as non-current.

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

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Fair value measurement

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as investment properties. We carry out periodic assessment on the need to change our external valuers.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions — Note 3
- Quantitative disclosures of fair value measurement hierarchy — Note 8
- Investment properties — Note 19
- Financial instruments (including those carried at amortised cost) — Note 7

(d) Revenue from contracts with customers

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

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

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

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

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

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

Rooms

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

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

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

i. Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

ii. Customer options that provide a material right

The Group provides its corporate customers a volume-tiered pricing structure. This structure allows customers to acquire more rooms at reduced prices if they fully occupy their requested number of reserved rooms in the previous year.

The Group recognises the material right as a separate performance obligation that is satisfied over time. The Group allocates a portion of the transaction price based on the relative stand-alone selling price basis to the performance obligation by determining the likelihood of occurrence and multiplying it by the augmented discount that represents the material right.

The Group will recognize the revenue allocated to the material right when (or as) the option is exercised (and the underlying future goods or services are transferred) or when the option expires. This would be when the contract is either renewed or the renewal option expires.

iii. Allocating discounts

The Group allocates a variable amount (and subsequent changes to that amount) entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation if both of the following criteria are met:

- the terms of a variable payment relate specifically to the Group's efforts to satisfy the performance obligation or transfer the distinct good or service (or to a specific outcome from satisfying the performance obligation or transferring the distinct good or service); and
- allocating the variable amount of consideration entirely to the performance obligation or the distinct good or service is consistent with the allocation objective in IFRS 15:73 when considering all the performance obligations and payment terms in the contract.

Food and beverages

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

Other services

The Group generates revenue from other streams such as laundry services, business centre, gym , space rental, and paid parking services. Revenue from rendering these services is recognised over time. Using an output method in measuring progress for the provision of the amenities because time elapsed faithfully depict the entity's performance towards complete satisfaction of the performance obligation.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

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

Contract liabilities

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

Security deposit

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

(e) Taxes

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

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

(h) Property, plant and equipment
Construction in progress is stated at cost, net of accumulated impairment losses, if any. Other property,

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

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

Freehold Land	Not depreciated
Leasehold Building	5 - 50 years
Plant & Machinery	3 - 25 years
Motor Vehicle	2 - 5 years
Computer Equipment	2 - 10 years
Furniture & Fittings	2 - 15 years

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

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

(i) Leases

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

Company as a lessor

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

(j) Borrowing costs

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

(k) Investment properties

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

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

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

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

(l) Intangible assets

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

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

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

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

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

Computer software

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

(m) Financial instruments – initial recognition and subsequent measurement

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

i Financial assets

Initial recognition and measurement

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

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

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

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

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

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

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

Subsequent measurement
Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired;
  or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the

asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

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

- Disclosures for significant assumptions. Note 3
- Trade receivables. Note 7

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 23.

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

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

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:
- Direct materials: purchase cost on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(o) Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the

asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

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

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

- Disclosures for significant assumptions — Note 3
- Property, plant and equipment — Note 18
- Intangible assets — Note 20
- Goodwill — Note 21

(p) Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value.

(q) Provisions

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

(r) Pension and other post-employment benefits

i. Defined contribution scheme - pension

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

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

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

ii. Profit-sharing and bonus plan

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

(s) Deferred income

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

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

2.4 Changes in accounting policies and disclosures

(a) New and amended standards and interpretations

The Company applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The Group is a lessor as at 1 January 2019 as such, there is no material qualitative and quantitative changes based on the adoption of IFRS 16 as at effective date of the standard.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and

tax rates
- How an entity considers changes in facts and circumstances

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the year.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

Other amendments and interpretations relating to annual improvements 2015-2017 cycle, but do not have

an impact on the financial statements of the Group are listed below:

- IFRS 3 Businesss Combinations
- IAS 23 Borrowing Costs
- IAS 12 Income Taxes
- IFRS 11 Joint Arrangements

(b) Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

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

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Effective for annual periods beginning on or after 1 January 2020.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, mis-stating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Effective for annual periods beginning on or after 1 January 2020.

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

- **Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7**

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. The Group will not be affected by these amendments on the date of transition. This is effective for annual periods beginning on or after 1 January 2020.

- **The Conceptual Framework for Financial Reporting**

Effective immediately for the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. Thus, no impact to the Group.

3. Significant accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

The Group has assessed that revenue earned from service charge will be satisfied as the Host good or service is being satisfied.

For rooms and other services: revenue earned from service charge levied on rooms and other services will be recognised over time, in line with how revenue from rooms and other services is being recognised.

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

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

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

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

Revaluation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties,the comparison method of valuation was used to arrive at the fair value of the land. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2019 for the investment properties.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 19.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the

different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 21.

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 7.

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

4. Segment information

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

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

5. Capital management

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 70% and a minimum B credit rating. The Group includes within net debt, interest bearing loans and borrowings, less cash and bank balances.

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Interest-bearing loans and borrowings (Note 22)	32,329,832	31,678,638	32,329,832	31,678,638
Less: cash and short term deposit (Note 26)	(2,439,341)	(2,775,165)	(2,374,956)	(2,736,069)
Net debt	**29,890,491**	**28,903,473**	**29,954,876**	**28,942,569**
Total capital: Equity	57,542,917	57,461,209	57,739,183	57,637,528
Capital and net debt	**87,433,408**	**86,364,682**	**87,694,059**	**86,580,097**
Gearing ratio	52%	50%	52%	50%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

6. Group information

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest 2019	2018
Transcorp Hotels Calabar Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Port Harcourt Limited	Hospitality	Nigeria	100	100
Transcorp Hotels Ikoyi Limited	Hospitality	Nigeria	58	58

Investment in subsidiaries

Name	2019 ₦'000	2018 ₦'000
Transcorp Hotels Calabar Limited	3,508,621	3,508,621
Transcorp Hotels Port Harcourt Limited	20,000	20,000
Transcorp Hotels Ikoyi Limited	1,160	1,160
	3,529,781	3,529,781

The Holding Company

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

Entity with significant influence over the Group

Ministry of Finance Incorporated owns 11.02% of the ordinary shares of Transcorp Hotels Plc (2018: 11.02%).

Non-controlling interest

Heirs Holdings Ltd owns 42% of the ordinary shares of Transcorp Hotels Ikoyi Limited (2018: 42%).

Condensed result of subsidiaries

Transcorp Hotels Calabar Limited

The statement of profit or loss and other comprehensive income:	2019 ₦'000	2018 ₦'000
Revenue from contract with customers	904,634	949,245
Cost of sales	(294,592)	(302,361)
Gross profit	**610,042**	**646,884**
Other operating income	2,045	3,740
Administrative expenses	(577,332)	(585,729)
Impairment loss in financial asset	(703)	(589)
Operating profit	**34,052**	**64,306**
Finance income	332	832
Profit before tax	**34,384**	**65,138**
Income tax expense	(10,254)	(16,818)
Profit for the year	**24,130**	**48,320**

The statement of financial position:	2019 ₦'000	2018 ₦'000
Assets:		
Property, plant and equipment	1,736,255	1,663,946
Intangible assets	688	794
Deferred tax assets	78,711	69,687
Current assets	233,616	270,196
Total assets	**2,049,270**	**2,004,623**
Equity and liabilities:		
Issued capital	7,690	7,690
Share premium	1,342,310	1,342,310
Retained earnings	221,413	197,281
Total equity	**1,571,413**	**1,547,281**
Current liabilities	477,857	457,342
Total equity and liabilities	**2,049,270**	**2,004,623**

Transcorp Hotels Port Harcourt Limited

The statement of profit or loss and other comprehensive income:	2019 ₦'000	2018 ₦'000
Revenue from contract with customers	-	-
Cost of sales	-	-
Gross profit	**-**	**-**
Administrative expenses	(3,954)	(6,224)
Loss before tax	**(3,954)**	**(6,224)**
Income tax expense	-	-
Loss for the year	**(3,954)**	**(6,224)**

Transcorp Hotels Port Harcourt Limited

The statement of financial position:	2019 ₦'000	2018 ₦'000
Assets:		
Property, plant and equipment	637,966	625,046
Current assets	-	-
Total assets	**637,966**	**625,046**
Equity and liabilities:		
Issued capital	10,000	10,000
Share premium	10,000	10,000
Deposit for shares	620,171	620,171
Revenue reserve	(28,110)	(24,156)
Total equity	**612,061**	**616,015**
Current liabilities	25,905	9,031
Total equity and liabilities	**637,966**	**625,046**

Transcorp Hotels Ikoyi Limited

The statement of profit or loss and other comprehensive income:	2019 ₦'000	2018 ₦'000
Revenue from contract with customers	-	-
Cost of sales	-	-
Gross profit	**-**	**-**
Administrative expenses	(4,363)	(2,710)
Loss before tax	**(4,363)**	**(2,710)**
Income tax expense	-	-
Loss for the year	**(4,363)**	**(2,710)**

Transcorp Hotels Ikoyi Limited

The statement of financial position:	2019 ₦'000	2018 ₦'000
Assets:		
Property, plant and equipment	8,421,631	8,362,209
Current assets	2,000	2,000
Total assets	**8,423,631**	**8,364,209**
Equity and liabilities:		
Issued capital	2,000	2,000
Deposit for shares	6,940,120	6,940,120
Revenue reserve	(16,717)	(12,354)
Total equity	**6,925,403**	**6,929,766**
Current liabilities	1,498,228	1,434,443
Total equity and liabilities	**8,423,631**	**8,364,209**

7. Financial instruments risk management objectives and policies

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

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

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

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

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

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Cash and short term deposits				
a) USD	1,413	5,740	1,354	5,682
b) GBP	58	100	58	100
c) Euro	41	9	41	9
Trade and other payables				
a) USD	-	40	-	40
Interest bearing loans and borrowings				
a) USD	8,000	7,070	8,000	7,070

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

	Change in USD rate	Effect on profit before tax	Change in GBP rate	Effect on profit before tax
Group - 2019	+5%	32,499	+5%	1,435
	-5%	(32,499)	-5%	(1,435)
Group - 2018	Change in USD rate	Effect on profit before tax	Change in GBP rate	Effect on profit before tax
	+5%	24,939	+5%	2,308
	-5%	(24,939)	-5%	(2,308)
Company-2019	Change in USD rate	Effect on profit before tax	Change in GBP rate	Effect on profit before tax
	+5%	24,643	+5%	1,435
	-5%	(24,643)	-5%	(1,435)
Company-2018	Change in USD rate	Effect on profit before tax	Change in GBP rate	Effect on profit before tax
	+5%	25,987	+5%	2,308
	-5%	(25,987)	-5%	(2,308)

Credit risk

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

i. Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum national rating of 'A' are accepted.

There is no independent rating for customers. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

ii. Security

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

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

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Cash at bank and short-term deposits A1+(nga)	2,424,887	-	2,360,476	-
Cash at bank and short-term deposits AA-(nga)	-	2,755,784	-	2,717,420
Unrated cash and cash equivalents	14,454	19,381	14,480	18,649
Unrated trade and other receivables	2,622,368	2,062,563	2,663,453	2,051,882
Maximum credit exposure	**5,061,709**	**4,837,728**	**5,038,409**	**4,787,951**

iii. Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 24. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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

Trade receivables - Group

Days past due

31-Dec-19	Current ₦'000	<30 days ₦'000	30–60 days ₦'000	61–90 days ₦'000	>91 days ₦'000	Total ₦'000
Expected credit loss rate	3.40%	4.90%	10.51%	9.38%	10.16%	
Estimated total gross carrying amount at default	264,268	346,507	386,025	177,837	422,063	1,596,700
Expected credit loss	8,977	16,985	40,588	16,679	42,872	126,940

31-Dec-18	Current ₦'000	<30 days ₦'000	30–60 days ₦'000	61–90 days ₦'000	>91 days ₦'000	Total ₦'000
Expected credit loss rate	1.86%	3.42%	7.69%	13.47%	6.34%	
Estimated total gross carrying amount at default	225,099	319,983	219,501	122,787	463,295	1,350,665
Expected credit loss	4,178	10,951	16,881	16,545	29,369	77,925

Trade receivables - Company

Days past due

31-Dec-19	Current ₦'000	<30 days ₦'000	30–60 days ₦'000	61–90 days ₦'000	>91 days ₦'000	Total ₦'000
Expected credit loss rate	3.40%	4.88%	10.80%	9.61%	6.54%	
Estimated total gross carrying amount at default	264,268	337,653	375,823	164,157	345,086	1,486,987
Expected credit loss	8,977	16,468	40,588	15,781	22,564	104,377

31-Dec-18	Current ₦'000	<30 days ₦'000	30–60 days ₦'000	61–90 days ₦'000	>91 days ₦'000	Total ₦'000
Expected credit loss rate	1.86%	3.46%	7.99%	14.64%	0.59%	
Estimated total gross carrying amount at default	225,099	309,065	206,636	110,704	388,851	1,240,355
Expected credit loss	4,178	10,704	16,500	16,203	2,304	49,889

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

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
As at 1 January	77,925	78,601	49,889	45,493
Provision for expected credit losses	55,138	11,022	54,488	4,396
Write-off	(3,909)	(11,698)		
As at 31 December	126,940	77,925	104,377	49,889

iv. Impairment of other financial assets

Expected credit loss measurement - other financial assets

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

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

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

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

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

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2018 and 31 December 2019.

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

Group and Company - 31 December, 2019

Key drivers	ECL Scenario	Assigned probabilities	2020	2021	2022
Crude Oil Price (USD)					
	Upturn	10%	55.61	57.07	57.07
	Base	80%	53.5	54.96	54.96
	Downturn	10%	51.18	52.64	52.64
Unemployment rate %					
	Upturn	10%	0.26	0.26	0.26
	Base	80%	0.34	0.34	0.34
	Downturn	10%	0.36	0.36	0.36
Inflation rate %					
	Upturn	10%	0.11	0.11	0.11
	Base	80%	0.12	0.12	0.12
	Downturn	10%	0.12	0.12	0.12

Group and Company - 31 December, 2018

Key drivers	ECL Scenario	Assigned probabilities	2019	2020	2021
Oil Price (USD)					
	Upturn	11%	56.00	59.00	62.00
	Base	80%	55.00	57.00	62.00
	Downturn	9%	44.00	41.00	38.00
Unemployment rate %					
	Upturn	11%	0.26	0.26	0.26
	Base	80%	0.33	0.34	0.34
	Downturn	9%	0.36	0.36	0.36
Inflation rate %					
	Upturn	11%	26.00	24.00	22.00
	Base	80%	31.00	32.00	33.00
	Downturn	9%	34.00	36.00	38.00

The following tables outline the impact of multiple scenarios on the intercompany receivables allowance:

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	₦'000	₦'000	₦'000	₦'000
Upturn	8	321	310	502
Base	63	2,331	2,608	4,057
Downturn	8	262	336	544
	79	2,914	3,254	5,103

Due from related companies

An analysis of changes in the ECL allowances on due from related parties is, as follows:

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	Stage 1 N'000	Stage 1 N'000	Stage 1 N'000	Stage 1 ₦'000
ECL allowance as at 1 January	2,914	47,102	5,102	43,930
Charged for the year	53	(44,188)	(1,848)	(38,828)
Write-off	(2,888)	-	-	-
At 31 December	**79**	**2,914**	**3,254**	**5,102**

Excessive risk concentration

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

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

Liquidity risk

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

Management monitors rolling forecasts of the Group's liquidity reserve and cash and bank balances (Note 26) on the basis of expected cash flows.

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

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

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

Group

Year ended 31 December 2019	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total days ₦'000
Interest-bearing loans and borrowings	1,995,340	2,699,198	9,272,900	16,335,556	10,723,704	41,026,698
Trade and other payables	-	10,561,530	-	-	-	10,561,530
	1,995,340	13,260,728	9,272,900	16,335,556	10,723,704	51,588,228

Year ended 31 December 2018	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total days ₦'000
Interest-bearing loans and borrowings	2,418,314	1,605,375	7,843,004	4,819,037	18,735,614	35,421,344
Trade and other payables	-	8,036,253	-	-	-	8,036,253
	2,418,314	9,641,628	7,843,004	4,819,037	18,735,614	43,457,597

Company

Year ended 31 December 2019	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total days ₦'000
Interest-bearing loans and borrowings	1,995,340	2,699,198	9,272,900	16,335,556	10,723,704	41,026,698
Trade and other payables	-	10,296,974	-	-	-	10,296,974
	1,995,340	12,996,172	9,272,900	16,335,556	10,723,704	51,323,672

Year ended 31 December 2018	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total days ₦'000
Interest-bearing loans and borrowings (other than convertible preference shares)	2,418,314	1,605,375	7,843,004	4,819,037	18,735,614	35,421,344
Trade and other payables	-	7,804,949	-	-	-	7,804,949
	2,418,314	9,410,324	7,843,004	4,819,037	18,735,614	43,226,293

Changes in liabilities arising from financing activities

Group and company	1 January 2019	Additional loan	Loan repayment	Interest accrued	Interest/ dividend paid	Foreign exchange	Others	31-Dec-19
Current interest-bearing loans and borrowings	9,885,906	1,910,000		5,291,120	(5,738,254)	(14,353)	(464,123)	10,870,296
Non current interest-bearing loans and borrowings	21,792,732	13,247,170	(14,076,958)				496,592	21,459,536
Dividends payable	191,622		-	-	(187,406)	-	87,944	92,160
Deferred income	-	1,452,830					(170,854)	1,281,976
Total liabilities from financing activities	31,870,260	16,610,000	(14,076,958)	5,291,120	(5,925,660)	(14,353)	120,413	33,703,968

Group and company	1 January 2018	Additional loan	Loan repayment	Interest Accured	Interest/dividend paid	Foreign exchange	Others	31-Dec-18
Current interest-bearing loans and borrowings	6,953,103	5,139,176	(3,649,787)	5,096,447	(4,022,113)	27,951	341,129	9,885,906
Non current interest-bearing loans and borrowings	21,073,346	-	-	-	-	-	719,386	21,792,732
Dividends payable	947,000	-	-	-	(943,824)	-	188,446	191,622
Total liabilities from financing activities	28,973,449	5,139,176	(3,649,787)	5,096,447	(4,965,937)	27,951	1,248,961	31,870,260

8. Fair value measurement

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

Fair value measurement hierarchy for liabilities as at 31 December 2019 and 2018:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₦'000	₦'000	₦'000	₦'000
For liabilities as at 31 December 2019:					
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings: (Note 22)	31-Dec-19	33,611,808	-	33,611,808	-
For liabilities as at 31 December 2018:					
Interest-bearing loans and borrowings: (Note 22)	31-Dec-18	25,907,626	-	25,907,626	-

There were no transfers between Level 1 and Level 2 during 2019 and 2018.

The following table provides the fair value measurement hierarchy of the Group's assets.

Fair value measurement hierarchy for assets as at 31 December 2019 and 2018:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₦'000	₦'000	₦'000	₦'000
For assets as at 31 December 2019:					
Assets measured at fair value:					
Investment properties (Note 19)	31-Dec-19	2,309,000	-	-	2,309,000
For assets as at 31 December 2018:					
Investment properties (Note 19)	31-Dec-18	2,270,000	-	-	2,270,000

There were no transfers between Level 1 and Level 2 during 2019 and 2018.

9. Revenue from contracts with customers

9.1 Disaggregated revenue information

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

For the year ended 31 December 2019

Segments by entity	Transcorp Hotels Calabar Limited	Company Transcorp Hotels Plc	Group Transcorp Hotels Plc
	₦'000	₦'000	₦'000
Rooms	495,266	12,166,106	12,661,372
Food & Beverage	366,304	5,613,564	5,979,868
Shop rental	-	797,745	797,745
Service charge	10,581	147,140	157,721
Other operating revenue	32,485	775,342	807,827
Total revenue from contracts with customers	**904,636**	**19,499,897**	**20,404,533**
Timing of revenue recognition			
Goods transferred at a point in time	366,304	5,613,564	5,979,868
Services transferred over time	538,332	13,886,333	14,424,665
Total revenue from contracts with customers	**904,636**	**19,499,897**	**20,404,533**

For the year ended 31 December 2018

Segments by entity	Transcorp Hotels Calabar Limited	Company Transcorp Hotels Plc	Group Transcorp Hotels Plc
	₦'000	₦'000	₦'000
Rooms	522,027	10,217,260	10,739,287
Food and beverages	386,854	4,852,380	5,239,234
Shop rental	-	673,224	673,224
Service charge	11,116	110,001	121,117
Other operating revenue	29,249	622,855	652,104
Total revenue from contracts with customers	**949,246**	**16,475,720**	**17,424,966**
Timing of revenue recognition			
Goods transferred at a point in time	386,854	4,852,380	5,239,234
Services transferred over time	562,392	11,623,340	12,185,732
Total revenue from contracts with customers	**949,246**	**16,475,720**	**17,424,966**

There is no other revenue items outside IFRS 15

	2019		2018	
Revenue	Transcorp Hotels Calabar Limited ₦'000	Transcorp Hotels Plc ₦'000	Transcorp Hotels Calabar Limited ₦'000	Transcorp Hotels Plc ₦'000
External customer	904,636	19,499,897	949,246	16,475,720
Total revenue from contracts with customers	904,636	19,499,897	949,246	16,475,720

10. Cost of sales

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Rooms	1,701,020	1,469,059	1,648,481	1,407,860
Food and beverages	3,195,613	2,897,577	2,953,560	2,656,415
Other operating costs	179,577	169,512	179,577	169,512
Total cost of sales	**5,076,210**	**4,536,148**	**4,781,618**	**4,233,787**

The amount of inventory for the group included in cost of sales for the year is N3.37 billion (2018: 2.07 billion)

11. Other operating income

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Net gain on disposal of property, plant and equipment	951	-	20	-
Change in fair value of investment properties (Note 19)	-	-	39,000	201,424
Key money (Note 30.2)	147,680	152,825	147,680	152,825
Deferred income (Note 29)	170,854	-	170,854	-
Net foreign exchange (loss)/gain	(3,922)	310,297	(5,036)	306,555
Others	144,915	63,350	144,915	74,373
Total other operating income	**460,478**	**526,472**	**497,433**	**735,177**

12. Finance costs/ income

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000

12.1 Finance costs

Interest on debts and borrowings	5,707,307	5,395,932	5,707,307	5,395,932
Less: interest income on deposits		(61,991)		(61,991)
	5,707,307	**5,333,941**	**5,707,307**	**5,333,941**
Capitalised borrowing cost	**(1,404,359)**	**(5,333,941)**	**(1,404,359)**	**(5,333,941)**
Total finance costs	4,302,948	-	4,302,948	-

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's specific borrowings during the year, in this case 17% (2018 – 19%).

12.2 Finance income

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Interest on bank deposits	104,699	12,190	104,367	11,359
Total finance income	**104,699**	**12,190**	**104,367**	**11,359**

13. Staff cost

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Included in cost of sales:				
Wages and salaries	1,752,019	1,550,387	1,677,115	1,478,613
Pension costs	72,517	42,056	69,880	39,418
	1,824,536	**1,592,443**	**1,746,994**	**1,518,031**

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Included in administrative expenses:				
Wages and salaries	1,498,659	1,358,637	1,360,588	1,178,031
Pension costs	175,236	85,777	167,172	78,242
	1,673,895	1,444,414	1,527,760	1,256,273
Total employee benefits expense	**3,498,431**	**3,036,857**	**3,274,754**	**2,774,304**

14. Administrative expenses

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Staff cost (Note 13)	1,673,895	1,444,414	1,527,760	1,256,273
Depreciation (Note 18)	1,864,568	965,106	1,750,769	862,776
Auditors remuneration	47,330	47,330	29,500	29,500
Management and incentive fees	1,445,590	1,165,970	1,445,590	1,165,970
Professional fees	102,881	136,184	102,594	133,684
Directors' remuneration	232,953	267,505	228,253	264,205
Bank charges	262,788	198,481	255,851	192,028
Repairs and maintenance	878,668	757,789	825,853	695,782
Energy cost	1,286,715	1,278,688	1,128,668	1,101,810
Amortisation	24,008	32,457	23,076	30,993
Insurance	384,737	289,876	377,179	281,803
Group services and benefits	391,861	333,398	391,861	333,398
Health, safety and medical	141,216	155,754	141,216	155,747
IT, telecommunication and securities	198,294	158,950	198,294	144,405
Licences, fees and rates	110,464	90,819	108,830	88,553
Marketing, sales and advertisement	421,392	149,280	421,392	149,280
Travel, logistics and accommodation	163,358	239,817	150,204	225,337
Stationery, printing and office supplies	39,817	34,173	39,817	34,168
Other administrative expenses	740,593	684,772	683,858	689,822
Total administrative expenses	10,411,128	8,430,763	9,830,565	7,835,534

N13.8m was paid to Ernst & Young as new business consultancy fees by the Group during the year while N3.5m was paid as IFRS consultancy fees in 2018. This has been recorded as part of the professional fees above. The non-audit service was carried out with the consent of the audit engagement partner and the service pose no threat to Ernst & Young's independence and objectivity.

15. Impairment loss/(gain) on financial assets

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Trade receivables - Note 7(iii)	55,138	(676)	54,488	4,396
Receivables from related parties - Note 7 (iv)	53	(44,188)	(1,848)	(38,828)
	55,191	(44,864)	52,640	(34,432)

16. Income tax

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

Consolidated profit or loss	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Current income tax:				
Income tax charge	328,238	1,405,406	312,100	1,393,375
Tertiary education tax charge	65,514	106,985	62,374	103,567
	393,752	1,512,391	374,474	1,496,942
Deferred tax:				
Relating to origination and reversal of temporary differences	116,745	(184,506)	125,769	(185,875)
Income tax expense reported in the statement of profit or loss	**510,497**	**1,327,885**	**500,243**	**1,311,067**

Reconciliation of tax expense and the accounting profit multiplied by Nigeria's domestic tax rate of 30% for 2018 and 2019:

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Accounting profit before income tax	1,124,233	5,041,581	1,133,926	5,187,367
At Nigeria's statutory income tax rate of 30% (2018: 30%)	337,270	1,512,474	340,178	1,556,210
Tertiary education Tax	65,514	106,985	62,374	103,567
Non-deductible expenses for tax purposes:				
Other non-deductible expenses	145,446	102,698	129,244	99,228
Tax exempt income:		-	-	-
Non- allowable income	(37,733)	(394,272)	(31,553)	(447,938)
Income tax expense reported in the statement of profit or loss	**510,497**	**1,327,885**	**500,243**	**1,311,067**

Deferred tax

Deferred tax relates to the following:

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Reconciliation of deferred tax liabilities, net				
As of 1 January	6,907,776	7,092,490	6,977,463	7,163,338
Tax expense for the year	116,746	(184,714)	125,770	(185,875)
	7,024,522	**6,907,776**	**7,103,233**	**6,977,463**
Reconciliation of income tax payable				
As of 1 January	1,775,704	1,033,987	1,748,793	1,009,199
Income tax expense during the year	393,752	1,512,391	374,474	1,496,942
Payment during the year	(1,440,999)	(770,674)	(1,416,735)	(757,348)
As at 31 December	**728,457**	**1,775,704**	**706,532**	**1,748,793**

17. Earnings per share (EPS)

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

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

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

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Profit attributable to ordinary equity holders of the parent for basic earnings	615,568	3,714,834	633,683	3,876,300
	Thousands	**Thousands**	**Thousands**	**Thousands**
Average number of ordinary shares for basic EPS	7,600,404	7,600,404	7,600,404	7,600,404
Basic Earnings per share (Kobo)	8	49	8	51
Diluted Earnings per share (Kobo)	8	49	8	51

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

	Group			
	Statement of financial position		Statement of profit or loss	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Accelerated depreciation for tax purposes	8,040,982	4,144,446	3,896,536	(112,787)
Revaluations of investment properties to fair value	3,087,263	3,087,263	-	-
Expected credit losses of debt financial assets	(40,488)	(10,030)	(19,599)	(860)
Losses and credits available for offsetting against future taxable income	(4,063,235)	(313,903)	(3,760,192)	(71,068)
Deferred tax expense/(benefit)			**116,745**	**(184,715)**
Net deferred tax liabilities	7,024,522	6,907,776		

	Group	
	2019	2018
	₦'000	₦'000
Deferred tax reflected in the statement of financial position as follows:		
Deferred tax assets	(78,711)	(69,687)
Deferred tax liabilities	7,103,233	6,977,463
Deferred tax liabilities, net	**7,024,522**	**6,907,776**

Deferred tax relates to the following:

	Company			
	Statement of financial position		Statement of profit or loss	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Accelerated depreciation for tax purposes	7,735,944	3,852,862	3,883,082	(115,402)
Revaluations of investment properties to fair value	3,087,263	3,087,263	-	-
Expected credit losses of debt financial assets	(34,442)	(3,183)	(16,845)	(3,183)
Losses and credits available for offsetting against future taxable income	(3,685,532)	40,521	(3,740,468)	(67,290)
Deferred tax expense/(benefit)			**125,769**	**(185,875)**
Net deferred tax liabilities	7,103,233	6,977,463		

	Company	
	2019	2018
	₦'000	₦'000
Deferred tax reflected in the statement of financial position as follows:		
Deferred tax assets	-	-
Deferred tax liabilities	7,103,233	6,977,463
Deferred tax liabilities, net	**7,103,233**	**6,977,463**

18. Property, plant and equipment

Group	Freehold Land ₦'000	Leasehold Building ₦'000	Plant & Machinery ₦'000	Computer & Office Equipment ₦'000	Motor Vehicle ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost							
1-January-2018	35,479,156	15,733,002	3,549,608	3,131,718	473,398	39,174,880	97,541,762
Additions	1,434,455	30,511	87,527	209,653	-	7,300,531	9,062,677
Interest cost capitalised in the year	-		-	-	-	5,333,941	5,333,941
Reclassification	357,941	37,180	90,457	-	-	(485,578)	-
Write offs	-	-	-	-	-	(618)	(618)
31-December-2018	**37,271,552**	**15,800,693**	**3,727,592**	**3,341,371**	**473,398**	**51,323,156**	**111,937,762**
Additions	-	213,955	309,848	308,594	93,800	2,829,417	3,755,614
Interest cost capitalised in the year	-		-	-	-	1,404,359	1,404,359
Reclassification	-	32,335,125	1,503,907	14,036,459	-	(47,875,491)	-
Disposal	-	(7,689)	(4,423)	(787)	(24,003)	-	(36,902)
31 December 2019	**37,271,552**	**48,342,084**	**5,536,924**	**17,685,637**	**543,195**	**7,681,441**	**117,060,833**
Accumulated depreciation and impairment losses							
1 January 2018	-	2,519,943	2,401,216	2,349,832	395,554	-	7,666,545
Depreciation for the year	-	378,804	221,473	310,143	54,686	-	965,106
Disposals	-		-	-	-	-	-
31 December 2018	**-**	**2,898,747**	**2,622,689**	**2,659,975**	**450,240**	**-**	**8,631,651**
Depreciation for the year	-	762,388	266,323	804,123	31,734	-	1,864,568
Disposals	-	(3,679)	(3,157)	(410)	(24,256)	-	(31,502)
31 December 2019	**-**	**3,657,456**	**2,885,855**	**3,463,688**	**457,718**	-	**10,464,717**
Net book value							
At 31 December 2019	**37,271,552**	**44,684,628**	**2,651,069**	**14,221,949**	**85,477**	**7,681,441**	**106,596,116**
At 31 December 2018	**37,271,552**	**12,901,946**	**1,104,903**	**681,396**	**23,158**	**51,323,156**	**103,306,111**

The gross carrying amount of the fully depreciated property, plant and equipment that is still in use by the Group as at reporting date is N3.9 billion.

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

Company	Freehold Land ₦'000	Leasehold Building ₦'000	Plant & Machinery ₦'000	Computer & Office Equipment ₦'000	Motor Vehicle ₦'000	Capital work in progress ₦'000	Total ₦'000
Cost							
1-January-2018	30,872,625	14,552,054	3,106,568	2,797,995	456,280	33,621,532	85,407,054
Additions	-	15,097	23,778	178,559	-	7,290,473	7,507,907
Interest cost capitalised in the year	-	-	-	-	-	5,333,941	5,333,941
Reclassification	-	-	68,957	-	-	(68,957)	-
Disposals	-	-	-	-	-	-	-
31-December-2018	**30,872,625**	**14,567,151**	**3,199,303**	**2,976,554**	**456,280**	**46,176,989**	**98,248,902**
Additions	-	208,992	71,384	294,190	92,600	2,829,417	3,496,583
Interest cost capitalised in the year	-	-	-	-	-	1,404,359	1,404,359
Reclassification	-	32,335,125	1,503,907	14,036,459	-	(47,875,491)	-
Disposals	-	-	(2,989)	(670)	(20,000)	-	(23,659)
31 December 2019	**30,872,625**	**47,111,268**	**4,771,605**	**17,306,533**	**528,880**	**2,535,274**	**103,126,185**
Accumulated depreciation and impairment losses							
1 January 2018	-	2,307,668	2,060,251	2,053,445	378,436	-	**6,799,800**
Charge for the year	-	336,303	185,734	286,052	54,686	-	862,775
Disposals	-	-	-	-	-	-	-
31 December 2018	**-**	**2,643,971**	**2,245,985**	**2,339,497**	**433,122**	**-**	**7,662,575**
Charge for the year	-	718,430	214,932	785,698	31,709	-	1,750,769
Disposals	-	-	(2,304)	(293)	(16,250)	-	(18,847)
31 December 2019	**-**	**3,362,401**	**2,458,613**	**3,124,902**	**448,581**	**-**	**9,394,497**
Net book value							
At 31 December 2019	**30,872,625**	**43,748,867**	**2,312,992**	**14,181,631**	**80,299**	**2,535,274**	**93,731,688**
At 31 December 2018	**30,872,625**	**11,923,180**	**953,318**	**637,057**	**23,158**	**46,176,989**	**90,586,327**

The gross carrying amount of the fully depreciated property, plant and equipment that is still in use by the Company as at reporting date is N3.9 billion.

19. Investment properties

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Opening balance at 1 January	-	-	2,270,000	2,068,576
Additions (subsequent expenditure)	-	-	-	-
Net gain from fair value remeasurement	-	-	39,000	201,424
	-	**-**	**2,309,000**	**2,270,000**

Investment properties relates to the 4,081.52 square metres of land at Ikegwere street, Oromeruezingbu Village, Port Harcourt, Rivers State, Nigeria and 10,141.27 square metres of bare land at Evo Road,GRA Phase II, Port Harcourt, Rivers State.

As at 31 December 2019 and 2018, the fair values of the properties are based on valuations performed by Mr. Chukwudi Ubosi with FRC/2014/NIESV/0000003997 from Ubosi Eleh & Co. Estate Surveyors & Valuers, an accredited independent valuer and a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

This investment property is occupied by Transcorp Hotels Port Harcourt Limited (a subsidiary of the Group). In line with IAS 40, this investment property has been reclassified to property plant and equipment in the consolidated financial statements.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 8.

Reconciliation of fair value: **Investment properties**

	Land at Evo Road ₦'000	Land at Ikewere ₦'000	Total ₦'000
As at 1 January 2018	1,564,000	504,576	2,068,576
Remeasurement recognised in profit or loss	106,000	95,424	201,424
Purchases	-	-	-
As at 31 December 2018	**1,670,000**	**600,000**	**2,270,000**
Remeasurement recognised in profit or loss	20,000	19,000	39,000
Purchases	-	-	-
As at 31 December 2019	**1,690,000**	**619,000**	**2,309,000**

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

Valuation technique	Significant unobservable inputs	Range (weighted average) 2019	2018
Land at Ikegwere street, Port Harcourt - comparison method (refer below)	Estimated rental value per sqm per month (N)	694	684
	Rent growth p.a.	1.49%	19.66%
	Average land value per square meter	150,538	150,538
Land at Evo Road, GRA- comparison method (refer below)	Estimated rental value per sqm per month (N)	770	762
	Rent growth p.a.	1.08%	6.69%
	Average land value per square meter	166,667	164,516

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

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

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

20. Intangible assets

	Group		Company	
	Goodwill ₦'000	Computer software with definite useful life ₦'000	Total ₦'000	Computer software with definite useful life ₦'000
Cost				
At 1 January 2018	1,974,756	226,733	2,201,489	216,271
Additions	-	-	-	-
At 31 December 2018	**1,974,756**	**226,733**	**2,201,489**	**216,271**
Additions	-	56,811	56,811	55,987
At 31 December 2019	**1,974,756**	**283,544**	**2,258,300**	**272,258**

	Group		Company	
	Goodwill	Computer software with definite useful life	Total	Computer software with definite useful life
	₦'000	₦'000	₦'000	₦'000
Amortisation and impairment				
At 1 January 2018	-	100,101	100,101	91,898
Amortisation	-	32,457	32,457	30,993
At 31 December 2018	**-**	**132,558**	**132,558**	**122,891**
Amortisation	-	24,008	24,008	23,076
At 31 December 2019	**-**	**156,566**	**156,566**	**145,967**
Net book value				
At 31 December 2019	**1,974,756**	**126,978**	**2,101,734**	**126,291**
At 31 December 2018	**1,974,756**	**94,175**	**2,068,931**	**93,380**

Computer software consists of acquisition costs of software used in the day-to-day operations of the Group. These assets were tested for impairment and no impairment loss was recognised during the year ended 31 December 2019 (2018: Nil).

21. Goodwill and intangible assets with indefinite useful lives

For impairment testing of goodwill acquired through business combinations of Transcorp Hotels Calabar Limited.

Carrying amount of goodwill

	Transcorp Hotels Calabar Limited	
	2019	2018
	₦'000	₦'000
Goodwill	1,974,756	1,974,756

In assessing goodwill for impairment at 31 December 2019 and 2018, 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 fair value less costs of disposal.

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.

Basis of valuation

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

I. a willing buyer;
ii a reasonable period within which to negotiate the sale taking into account the nature of the property and the state of the market;
iii. values will remain static throughout the period;
iv. the property will be freely exposed to the market;
v. no account is to be taken of an additional bid by a special purchaser;
vi. no account is to be taken of expenses of realization, which may arise in the event of a disposal.

Method of valuation

As at 31 December 2019 and 2018, the fair values of the assets of Transcorp Hotel Calabar Limited has been determined by Mr. Chukwudi Ubosi with FRC/2014/NIES0000003997 from Ubosi Eleh & Co. Estate Surveyors & Valuers, an accredited independent valuer.

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

i. total economic working life of the item in question;
ii. age and remaining economic life of the item;
iii. the degree of physical deterioration and obsolescence of the item;
iv. work load to which the item is subjected;
v. current cost of the item including installation, freight and customs charges where applicable.

The Board has estimated the costs of disposal to be 10% of the fair value of the assets of the subsidiary.

Analysis of values	2019 ₦'000	2018 ₦'000
The fair value has been determined as follows:		
Market value		
Land and buildings	4,700,000	4,313,000
Items of plant and machinery	705,174	633,217
Items of office/computer equipment	74,823	64,351
Motor vehicles	17,118	-
Items of furniture and fittings	217,370	192,959
Total market value	5,714,485	5,203,527
Costs of disposal at 10%	(571,449)	(520,353)
	5,143,037	4,683,174
Carrying Value:		
Net Asset as at 31 December	1,571,413	1,547,282
Goodwill as at 31 December	1,974,756	1,974,756
	3,546,169	3,522,038

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.

22. Financial assets and financial liabilities

22.1 Financial assets

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Debt instruments at amortised cost				
Trade receivables (Note 24)	2,622,368	2,062,563	2,663,453	2,051,882
Total current	2,622,368	2,062,563	2,663,453	2,051,882
Total non-current	-	-	-	-

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

22.2 Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	Group 2019	Group 2018	Company 2019	Company 2018
	%		₦'000	₦'000	₦'000	₦'000
Bank overdrafts	17		1,995,340	1,962,871	1,995,340	1,962,871
Short-term loan	17.5		3,547,568	2,917,370	3,547,568	2,917,370
N10 billion 7-year bond	16.0	26-Oct-22	6,205,202	7,652,439	6,205,202	7,652,439
N9.758 billion 5-year bond	15.5	04-Dec-20	3,024,719	5,606,607	3,024,719	5,606,607
N10 billion loan	10.0	06-Mar-26	8,868,193	-	8,868,193	-
N5 billion loan			-	5,014,392	-	5,014,392
N4.7 billion loan	18.0	27-Dec-23	4,711,541	-	4,711,541	-
N5 billion loan			-	5,950,185	-	5,950,185
$2 million loan	13.5	28-Feb-20	751,969	754,774	751,969	754,774
$1 million loan	10.0	31-Oct-20	366,066		366,066	
N1 billion loan	12.3	02-Dec-20	1,009,634		1,009,634	
$5 million loan	8	14-May-26	1,849,600	1,820,000	1,849,600	1,820,000
Total interest-bearing loans and borrowings			**32,329,832**	**31,678,638**	**32,329,832**	**31,678,638**
Current			10,870,296	9,885,906	10,870,296	9,885,906
Non-current			21,459,536	21,792,732	21,459,536	21,792,732
			32,329,832	**31,678,638**	**32,329,832**	**31,678,638**

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

Short-term loan
Short-term loan represent a 90 day tenor with an average interest rate of 17.5%.

N10 billion 7-year bond
N10 billion 7-year 16.00% fixed rate bonds

N9.758 billion 5-year bond
N9.758 billion subscribed 5-year 15.50% fixed rate bonds

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

N4.7 billion loan
N4.7 billion loan with a tenor of 4 years and 12 months moratorium at an interest rate of 18%.

N5 billion loan
N5 billion term loan with a tenor of six years with 12 months moratorium and at interest rate of 18%. The loan is secured by a guarantee from Transnational Corporation of Nigeria Plc, the parent of the Company. The loan has been fully repaid during the year.

$2 million loan
$2 million short-term loan with rolling 180 days tenor and interest rate of 13.5%.

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

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

$5 million loan
$5 million interest-free loan from Hilton Worldwide Manage Limited with a tenor of 8 years including 2 year moratorium and repayable in equal monthly instalments.

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Bond liability				
As at 1 January	13,259,045	16,669,472	13,259,045	16,669,472
Interest	1,986,276	2,598,438	1,986,276	2,598,438
Principal repayments	(4,076,958)	(3,499,787)	(4,076,958)	(3,499,787)
Interest repayments	(1,938,443)	(2,509,078)	(1,938,443)	(2,509,078)
	9,229,920	13,259,045	9,229,920	13,259,045
Loan liability				
As at 1 January	16,456,722	10,454,621	16,456,722	10,454,621
Additions	15,157,170	5,139,176	15,157,170	5,139,176
Effective interest	3,304,844	2,498,009	3,304,844	2,498,009
Principal repayments	(10,000,000)	(150,000)	(10,000,000)	(150,000)
Interest repayments	(3,799,811)	(1,513,035)	(3,799,811)	(1,513,035)
Exchange Loss	(14,353)	27,951	(14,353)	27,951
	21,104,572	16,456,722	21,104,572	16,456,722
Total Interest-bearing loans and borrowings				
As at 1 January	29,715,767	27,124,093	29,715,767	27,124,093
Additions	15,157,170	5,139,176	15,157,170	5,139,176
Effective interest	5,291,120	5,096,447	5,291,120	5,096,447
Principal repayments	(14,076,958)	(3,649,787)	(14,076,958)	(3,649,787)
Interest repayments	(5,738,254)	(4,022,113)	(5,738,254)	(4,022,113)
Exchange Loss	(14,353)	27,951	(14,353)	27,951
	30,334,492	**29,715,767**	**30,334,492**	**29,715,767**
Overdraft	1,995,340	1,962,871	1,995,340	1,962,871
	32,329,832	**31,678,638**	**32,329,832**	**31,678,638**

Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Trade and other payables (Note 31)	10,561,530	8,036,253	10,296,974	7,804,949
Total current financial liabilities	10,561,530	8,036,253	10,296,974	7,804,949

Use of bond proceeds:

N10 billion 7-year 16.00% fixed rate bonds

Purpose	Amount (N'000)	% of Net proceeds	Estimated completion period
Upgrade and refurbishment of Transcorp Hilton Abuja	9,514,370	95	Completed March 2019
Cost of Issue	235,630	2	Paid
Underwriting fee	250,000	3	Paid
	10,000,000	**100**	

Use of bond proceeds:

N9.758 billion 5-year 15.50% fixed rate bonds

Purpose	Amount (N'000)	% of Net proceeds	Completion period
Upgrade and refurbishment of Transcorp Hilton Abuja	9,546,776	98	Completed March 2019
Cost of Issue	238,224	2	Paid
	9,785,000	**100**	

22.3 Fair values

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

Group	Carrying amount		Fair value	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Financial liabilities				
Interest-bearing loans and borrowings	32,329,832	31,678,638	33,611,808	25,907,626
Closing balance at 31 December	**32,329,832**	**31,678,638**	**33,611,808**	**25,907,626**

Company	Carrying amount		Fair value	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Financial liabilities				
Interest-bearing loans and borrowings	32,329,832	31,678,638	33,611,808	25,907,626
Closing balance at 31 December	**32,329,832**	**31,678,638**	**33,611,808**	**25,907,626**

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

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

The own non-performance risk as at 31 December 2019 was assessed to be insignificant.

23. Inventories

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Food and beverage	146,038	123,922	121,239	100,231
Fuel	42,203	64,282	42,203	64,282
Engineering spares	200,968	263,960	185,847	251,474
Guest supplies	139,566	121,368	130,000	110,864
	528,775	**573,532**	**479,289**	**526,851**

24. Trade and other receivables

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Receivables from third-party customers (Note 24.1)	1,469,760	1,272,740	1,382,610	1,190,466
Receivables from other related parties (Note 24.2)	2,003	15,874	150,513	173,597
Other receivables (Note 24.3)	1,150,605	773,949	1,130,330	687,819
	2,622,368	**2,062,563**	**2,663,453**	**2,051,882**

24.1 Receivables from third-party customers

Trade receivables	1,596,700	1,350,665	1,486,987	1,240,355
Provision for impairment on trade receivables (Note 7)	(126,940)	(77,925)	(104,377)	(49,889)
	1,469,760	**1,272,740**	**1,382,610**	**1,190,466**

24.2 Receivables from other related parties

Other related parties	2,082	18,788	153,767	178,699
Provision for impairment on other related parties receivables (Note 7)	(79)	(2,914)	(3,254)	(5,102)
	2,003	**15,874**	**150,513**	**173,597**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. For terms and conditions relating to related party receivables, refer to Note 35.

24.3 Other receivables

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

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

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

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
As at 1 January	80,839	125,703	54,991	89,423
Provision for expected credit losses (Note 15)	55,191	(33,841)	52,640	(34,432)
Reversal of impairment under IAS 39	(9,011)	(11,023)	-	-
	127,019	**80,839**	**107,631**	**54,991**

25. Prepayments

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Maintenance contracts	53,128	293,475	45,404	284,485
Insurance and permits	326,094	128,122	321,577	122,960
	379,222	**421,597**	**366,981**	**407,445**

26. Cash and short term deposit

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Cash on hand	14,454	19,381	14,480	18,649
Cash at banks	1,242,410	1,481,784	1,177,999	1,443,420
Short term deposit	1,182,477	1,274,000	1,182,477	1,274,000
	2,439,341	**2,775,165**	**2,374,956**	**2,736,069**

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposit.

27. Issued capital and reserves

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Authorised shares				
15,000,000,000 ordinary shares of 50k each	7,500,000	7,500,000	7,500,000	7,500,000
Ordinary shares issued and fully paid				
7,600,403,900 ordinary shares of 50k each	3,800,202	3,800,202	3,800,202	3,800,202
Share premium				
At 1 January	4,034,411	4,034,411	4,034,411	4,034,411
At 31 December	4,034,411	4,034,411	4,034,411	4,034,411

28. Distributions made and proposed

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2019 at 7 kobo per share (2018: 15 kobo per share)	532,028	1,140,061	532,028	1,140,061
	532,028	**1,140,061**	**532,028**	**1,140,061**

The Board of Directors have approved the payment of dividend of 7 kobo per share amounting to N532,028,273 (2018: 15 kobo per share amounting to N1,140,060,585) on the outstanding ordinary shares of 7,600,403,900 shares of 50 kobo each for the year ended 31 December 2019. This is subject to shareholders declaration of same as final dividend at the next Annual General Meeting (AGM). Withholding tax at the applicable rate will be deducted at the time of payment.

29. Deferred income

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
At 1 January	-	-	-	-
Received during the year	1,452,830	-	1,452,830	-
Released to the statement of profit or loss	(170,854)	-	(170,854)	-
At 31 December	1,281,976	-	1,281,976	-
Current	208,442	-	208,442	-
Non-current	1,073,534	-	1,073,534	-
	1,281,976	-	1,281,976	-

The Company obtained a loan from Bank of Industry (BOI) to procure equipment to upgrade the hotel rooms, kitchen, public area and equip a new multi-purpose banqueting conference centre. The interest rate on the loan was below the market loan rate. The fair value and the deferred income on the loan was recognized initially on the loan drawn-down date.The deferred income was subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the loan as at the reporting date. The deferred income was N1.45 billion out of which N170.8 million was credited to other operating income in the statement of profit or loss for the year ended 2019.

30. Contract liabilities

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Short-term advances for hospitality services (Note	32,327	34,644	32,327	34,644
Key money from Hilton (Note 30.2)	2,755,995	2,903,675	2,755,995	2,903,675
	2,788,322	2,938,319	2,788,322	2,938,319
Current	185,152	187,469	185,152	187,469
Non current	2,603,170	2,750,850	2,603,170	2,750,850
	2,788,322	2,938,319	2,788,322	2,938,319

30.1 Short-term advances for hospitality services

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

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
At 1 January	34,644	35,664	34,644	35,664
Deferred during the year	32,327	34,644	32,327	34,644
Recognised as revenue during the year	(34,644)	(35,664)	(34,644)	(35,664)
At 31 December	**32,327**	**34,644**	**32,327**	**34,644**
Current	32,327	34,644	32,327	34,644

30.2 Key money from Hilton

Key money from Hilton International LLC will be notionally amortised over the contract period on a straight-line basis. In 2017, the managers of Transcorp Hilton Hotel Abuja, Hilton Worldwide Manage Limited contributed $10million towards the refurbishment of the hotel. The contribution does not attract any interest and it is not repayable by the Company unless the contract is terminated before the end of the contract period. The outstanding balance relates to the unamortised portion of the key money as at 31 December 2019.

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
At 1 January	2,903,675	-	2,903,675	-
Received during the year	-	3,056,500	-	3,056,500
Recognised as revenue during the year	(147,680)	(152,825)	(147,680)	(152,825)
At 31 December	**2,755,995**	**2,903,675**	**2,755,995**	**2,903,675**

31. Trade and other payables

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
Trade payables	1,368,810	360,759	1,320,229	321,273
Related parties (Note 35)	6,259,627	3,566,643	6,239,318	3,547,708
Other payables (Note 31.1)	2,933,093	4,108,851	2,737,427	3,935,968
	10,561,530	**8,036,253**	**10,296,974**	**7,804,949**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- For terms and conditions with related parties, refer to Note 35.
- For explanations on the Group's liquidity risk management processes, refer to Note 7.

31.1 Other payables

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
VAT payable	107,054	103,234	62,263	79,610
Accrued liabilities	2,039,925	3,094,268	1,921,851	2,969,877
Dividend payable	92,160	191,622	92,160	191,622
Security deposits from guests	128,780	129,620	128,780	129,620
WHT Payable	565,174	590,107	532,373	565,239
	2,933,093	**4,108,851**	**2,737,427**	**3,935,968**

32. Cash generated from operations

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Profit before tax	1,124,233	5,041,581	1,133,926	5,187,367
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation of property, plant and equipment	1,864,568	965,106	1,750,769	862,775
Amortisation of intangible assets	24,008	32,457	23,076	30,993
Write off of property, plant and equipment	-	618	-	-
Impairment allowance on financial assets	55,191	(44,864)	52,640	(34,432)
Deferred income	(170,854)	-	(170,854)	-
Increase in fair value of investment properties	-	-	(39,000)	(201,424)
Net foreign exchange differences	(139,085)	(130,257)	(14,353)	(126,517)
Gain on disposal of property, plant and equipment	(951)	-	(20)	-
Finance income	(104,699)	(12,190)	(104,367)	(11,359)
Finance cost	4,302,948	-	4,302,948	-
Working capital adjustments:				
(Increase)/Decrease in trade and other receivables	(1,059,080)	1,895,951	(744,869)	2,004,726
Decrease/(Increase) in prepayments	42,375	(198,825)	40,464	(1,619,430)
Decrease in inventories	44,757	137,751	47,562	139,299
Decrease in contract liabilities	(149,997)	(153,845)	(149,997)	(153,845)
Increase in trade and other payables	2,241,021	3,734,013	1,763,685	3,708,706
	8,074,435	**11,267,496**	**7,891,610**	**9,786,859**

33. Deposit for shares

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
	2,410,000	2,410,000	-	-

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

34. Commitments and contingencies

Commitments
The Directors have disclosed that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into consideration in the preparation of these financial statements. As at 31 December 2019, the Group had no commitments (2018: N3.7 billion).

Legal claim contingency
The Group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

35. Related party disclosures

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

Group - 2019

	Sales to related parties ₦'000	Purchases from related parties ₦'000	Amounts owed by related parties ₦'000	Amounts owed to related parties ₦'000
Entity with significant influence over the Group:				
Transnational Corporation of Nigeria Plc (Holding Company)	18,207	-	-	4,120,920
Subsidiary and fellow subsidiaries				
Transcorp Power Limited	17,303	-	-	2,138,707
Transcorp OPL 281 Limited	-	-	2,082	-
	35,510	**-**	**2,082**	**6,259,627**
Group - 2018				
Entity with significant influence over the Group:				
Transnational Corporation of Nigeria Plc (Holding Company)	4,344	-	-	2,478,913
Subsidiary and fellow subsidiaries				
Transcorp Power Limited	24,799	-	-	1,087,730
Teragro Commodities Limited	-	-	68	-
Transcorp OPL 281 Limited	-	-	18,720	-
	29,143	**-**	**18,788**	**3,566,643**

Company - 2019

	Sales to related parties ₦'000	Purchases from related parties ₦'000	Amounts owed by related parties ₦'000	Amounts owed to related parties ₦'000
Entity with significant influence over the Company:				
Transnational Corporation of Nigeria Plc (Holding Company)	18,207	-	-	4,100,509
Subsidiary and fellow subsidiaries				
Transcorp Power Limited	17,303	-	-	2,138,809
Transcorp Hotels Calabar Limited	647	-	153,767	-
	36,157	**-**	**153,767**	**6,239,318**

Company - 2018

	Sales to related parties ₦'000	Purchases from related parties ₦'000	Amounts owed by related parties ₦'000	Amounts owed to related parties ₦'000
Transnational Corporation of Nigeria Plc (Holding Company)	4,344	-	-	2,460,080
Other related entities:				
Subsidiary and fellow subsidiaries				
Transcorp Power Limited	4,183	-	-	1,087,628
Transcorp Hotels Calabar Limited	-	-	151,778	-
Transcorp Hotels Port Harcourt Limited	-	-	8,649	-
Transcorp OPL 281 Limited	-	-	18,272	-
	8,527	**-**	**178,699**	**3,547,708**

35.1 Long term receivables

	Group		Company	
	2019 ₦'000	2018 ₦'000	2019 ₦'000	2018 ₦'000
At 1 January	-	-	6,583,955	5,160,290
Additions				
Transcorp Hotels Port Harcourt Limited	-	-	16,874	10,382
Transcorp Hotels Ikoyi Limited	-	-	63,784	1,434,443
Reclassification				
Transcorp Hotels Port Harcourt Limited	-	-		(20,000)
Transcorp Hotels Ikoyi Limited	-	-		(1,160)
	-	**-**	**6,664,613**	**6,583,955**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Company recognised provision for expected credit losses of N3,254,433 relating to amounts owed by related parties (2018: N5,102,754).

Compensation of key management personnel

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Emoluments of directors				
Salaries and other short-term employee benefits	131,334	144,662	131,334	144,662
Defined contributions	5,137	4,094	5,137	4,094
Fees and allowances	96,482	118,549	91,782	115,449
Total compensation paid to key management personnel	**232,953**	**267,305**	**228,253**	**264,205**
Amount paid to the highest paid director (excluding pension contributions)	76,672	90,000	76,672	90,000
Chairman's emoluments				
Fees	14,100	11,700	14,100	11,700

Key management includes Directors (Executive and Non-Executive). The compensation paid or payable to key management for services is shown above:

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Less than N10,000,000	8	8	8	8
Over N10,000,000	2	2	2	2

36. 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.

Staff numbers per grade

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Managerial	48	45	39	35
Senior staff	182	178	161	157
Others	1,222	1,093	1,174	1,045
	1,452	1,316	1,374	1,237
N240,000- N500,000	171	292	162	278
N500,001-N1,000,000	264	582	222	538
N1,000,001-N2,000,000	132	374	115	364
N2,000,001-N4,000,000	811	33	809	31
N4,000,001- N5,000,000	36	1	36	1
Above N5,000,000	38	34	30	25
	1,452	1,316	1,374	1,237

Staff costs for the above persons (excluding Directors):

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Salaries and wages	3,250,678	2,909,024	3,037,703	2,656,644
Pension cost	247,753	127,833	237,052	117,660
	3,498,431	**3,036,857**	**3,274,754**	**2,774,304**

37. Events after the reporting period

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

Consolidated and Separate Statements of Value Added as at 31 December 2019

	Group				Company			
	2019 ₦'000	%	2018 ₦'000	%	2019 ₦'000	%	2018 ₦'000	%
Revenue	20,404,533		17,424,966		19,499,897		16,475,720	
Other	565,177		538,662		601,800		746,536	
	20,969,710		17,963,628		20,101,697		17,222,256	
Bought in services								
- Foreign	(8,675,082)		(5,332,576)		(8,351,503)		(5,020,091)	
- Local	(5,783,388)		(3,555,051)		(5,567,669)		(3,346,727)	
Total Value added	6,511,240		9,076,001		6,182,525		8,855,438	
Applied as follows:								
Employees								
Salaries and other labour related benefits	3,498,431	54	3,036,857	33	3,274,754	53	2,774,304	31
Provider of funds								
Dividend	532,028		1,140,061	13	532,028	18	1,140,061	13
Government								
Taxation	393,752	23	1,512,391	17	374,474	24	1,496,942	17
The Future								
Deferred tax	116,745	(3)	(184,506)	(2)	125,769	(3)	(185,875)	(2)
Depreciation and amortisation	1,888,576	15	997,563	11	1,773,845	14	893,767	10
Retained profit	81,708	40	2,573,635	28	101,655	44	2,736,239	31
	6,511,240	100	9,076,001	100	6,182,525	100	8,855,438	100

Consolidated and Separate Five Year Financial Summary as at 31 December 2019

GROUP

Assets	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Non-current assets	108,776,561	105,444,729	92,047,452	79,224,316	65,366,706
Current assets	5,969,706	5,832,857	8,485,087	11,618,676	25,974,324
Total assets	**114,746,267**	**111,277,586**	**100,532,539**	**90,842,992**	**91,341,030**
Equity					
Issued capital	3,800,202	3,800,202	3,800,202	3,800,202	3,800,202
Share premium	4,034,411	4,034,411	4,034,411	4,034,411	4,034,411
Retained earnings	49,710,434	49,626,894	47,099,673	45,364,940	44,309,697
Equity attributable to equity holders of the	**57,545,047**	**57,461,507**	**54,934,286**	**53,199,553**	**52,144,310**
Non-controlling interests	**(2,130)**	**(298)**	**840**	**840**	**840**
Total equity	**57,542,917**	**57,461,209**	**54,935,126**	**53,200,393**	**52,145,150**
Liabilities					
Non-current liabilities	34,649,473	33,931,045	30,646,683	13,501,953	12,989,530
Current liabilities	22,553,877	19,885,332	14,950,730	24,140,646	26,206,350
Total liabilities	57,203,350	53,816,377	45,597,413	37,642,599	39,195,880
Total equity and liabilities	**114,746,267**	**111,277,586**	**100,532,539**	**90,842,992**	**91,341,030**

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

	2019	2018	2017	2016	2015
Revenue	20,404,533	17,424,966	13,843,470	15,311,879	13,979,324
Profit before taxation	1,124,233	5,041,581	3,680,155	5,234,986	5,377,968
Taxation	(510,497)	(1,327,885)	(998,422)	(1,139,582)	(1,880,627)
Profit after taxation	613,736	3,713,696	2,681,733	4,095,404	3,497,341

COMPANY

Assets	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Non-current assets	106,361,373	103,063,443	89,490,274	76,582,444	62,721,991
Current assets	5,884,679	5,722,247	8,412,232	11,706,906	26,167,450
Total assets	**112,246,052**	**108,785,690**	**97,902,506**	**88,289,350**	**88,889,441**
Equity					
Issued capital	3,800,202	3,800,202	3,800,202	3,800,202	3,800,202
Share premium	4,034,411	4,034,411	4,034,411	4,034,411	4,034,411
Retained earnings	49,904,570	49,802,915	47,111,055	45,418,058	44,724,626
Total equity	**57,739,183**	**57,637,528**	**54,945,668**	**53,252,671**	**52,559,239**
Liabilities					
Non-current liabilities	32,239,473	31,521,045	28,236,684	13,306,033	12,794,749
Current liabilities	22,267,396	19,627,117	14,720,154	21,730,646	23,535,453
Total liabilities	54,506,869	51,148,162	42,956,838	35,036,679	36,330,202
Total equity and liabilities	**112,246,052**	**108,785,690**	**97,902,506**	**88,289,350**	**88,889,441**

STATEMENT OF PROFIT OR LOSS

	2019	2018	2017	2016	2015
Revenue	19,499,897	16,475,720	12,962,580	14,559,553	13,383,004
Profit before taxation	1,133,926	5,187,367	3,608,645	5,201,787	5,476,152
Taxation	(500,243)	(1,311,067)	(968,648)	(1,468,194)	(1,901,280)
Profit after taxation	633,683	3,876,300	2,639,997	3,733,593	3,574,872

transcorp Hotels
RC 248514

NOTICE OF ANNUAL GENERAL MEETING OF TRANSCORP HOTELS PLC

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting ("AGM") of Transcorp Hotels Plc ("the Company"), earlier postponed due to the Covid-19 pandemic, will now hold on Tuesday, April 28, 2020, at Afriland Towers, 97/105 Broad Street, Lagos, at 1.00 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To lay before the members, the Audited Financial Statements of the Company for the year ended December 31, 2019, together with the Reports of the Directors, Auditors and Audit Committee thereon;
2. To declare a Dividend;
3. To approve the appointment of Mr. Alexander Musa Adeyemi, Mrs. Modupe Olusola and Mrs. Helen Iwuchukwu as Directors;
4. To re-elect the following Directors retiring by rotation: Mr. Emmanuel Nnorom and Mr. Peter Elumelu;
5. To appoint Deloitte & Touche Nigeria as Auditors to the Company;
6. To authorise the Directors to fix the remuneration of the Auditors for the 2020 financial year;
7. To elect members of the Statutory Audit Committee.

Dated this 3rd day of April, 2020

BY ORDER OF THE BOARD

Mr. Chike Anikwe
Ag. Group Company Secretary
FRC/2017/NBA/00000016059

NOTES

1. COMPLIANCE WITH COVID-19 RELATED DIRECTIVES AND GUIDELINES

The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued a number of guidelines and directives aimed at curbing the spread of COVID-19 in Nigeria. Particularly, the Lagos State Government prohibited the gathering of more than 20 people while the Corporate Affairs Commission (CAC) issued Guidelines on Holding AGM of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

2. PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. For the appointment of the proxy to be valid, a proxy form must be completed and deposited either at the office of the Company's Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@africaprudential.com not later than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report and may also be downloaded from the Company's website at www. transcorphotelsplc.com.

3. ATTENDANCE BY PROXY

In line with CAC Guidelines, attendance at the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

1. Mr. Emmanuel N. Nnorom
2. Mrs. Modupe Olusola
3. Mr. Chike Anikwe

4. STAMPING OF PROXY

The Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

5. LIVE STREAMING OF AGM

The AGM will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live streaming will be made available on the Company's website at www. transcorphotelsplc.com

6. DIVIDEND

If the dividend recommended by the Directors is approved by the shareholders at the AGM, dividend will be paid by Wednesday, April 29, 2020. Given the previous notice to shareholders and the investing public by the Company on the closing period for the purpose of dividend payment, dividend approved at the AGM will be paid to shareholders whose names appear in the Company's Register of Members at the close of business on Thursday, March 12, 2020.

7. CLOSURE OF REGISTER

As previously notified to shareholders and the investing public, the Register of Members of the Company was closed from Friday, March 13, 2020 to Tuesday, March 17, 2020 (both dates inclusive) for the purpose of updating the Register of Members.

8. NOMINATION TO THE AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, LFN, 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM. Such notice of nominations should be sent via email to info@transcorphotelsplc.com for the attention of the Company Secretary. The Securities and Exchange Commission's Code of Corporate Governance for Public Companies provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements.

9. E-DIVIDEND REGISTRATION

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of receiving dividend payments electronically. A detachable application form for e-dividend is attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrar as soon as possible.

10. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Shareholders are hereby informed that a number of share certificates and dividend warrants which were returned to the Registrars as unclaimed are still in the custody of the Registrars. Any shareholder affected by this notice is advised to contact the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@africaprudential.com to lay claim.

11. PROFILES OF DIRECTORS FOR RE-ELECTION

The profiles of Mr. Peter Elumelu and Mr. Emmanuel Nnorom who will be retiring by rotation and will be presented for re-election are amongst the profiles of Directors provided in the 2019 Annual Report and the Company's website at www.transcorphotelsplc.com.

12. E- ANNUAL REPORT PUBLISHED ON THE WEBSITE

In order to improve delivery of our Annual Report, we have inserted a detachable form in the 2019 Annual Report and hereby request shareholders to complete the form by providing their contact and any other requested details and thereafter return same to the Registrars for further processing. In addition, an electronic version of the 2019 Annual Report is available on the Company's website at www.transcorphotelsplc.com.

13. RIGHTS OF SHAREHOLDERS TO ASK QUESTIONS

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such written questions must be submitted to the Company via email to info@ transcorphotelsplc.com on or before Friday, April 24, 2020.

transcorp Hotels

PROXY FORM

SIXTH ANNUAL GENERAL MEETING OF TRANSCORP HOTELS PLC TO BE HELD ON TUESDAY, APRIL 28TH, 2020 AT AFRILAND TOWERS, 97/105 BROAD STREET, LAGOS, AT 1.00 P.M.

I/We ____ being a member/members of TRANSCORP HOTELS PLC, hereby appoint:

____ or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held on Tuesday, April 28, 2020, at Afriland Towers, 97/105 Broad Street, Lagos, at 1.00 p.m. and at any adjournment thereof.

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Please sign this proxy form and forward it, so as to reach the registered office of the Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, or via email at cfc@africaprudential.com not later than 48 hours before the time fixed for the meeting. If executed by a Corporation, the Proxy Form must be under its common seal or under the hand of a duly authorized officer or attorney.

It is a requirement of the law under the Stamp Duties Act, Cap S8, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be stamped by the Commissioner for Stamp Duties. However, in compliance with the CAC Guidelines for conduct of AGM by Proxy, the Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars.

The Proxy must produce the Admission Card below to gain entrance into the Meeting.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. To receive and consider the Audited Financial Statements of the Company for the year ended December 31, 2019, together with the Reports of the Directors, Auditors and Audit Committee thereon laid before the members.			
2. To declare a dividend of 7 kobo per share.			
3.1 To approve the appointment of Mr. Alexander Musa Adeyemi as a Director of the Company.			
3.2 To approve the appointment of Mrs. Modupe Olusola as a Director of the Company.			
3.3 To approve the appointment of Mrs. Helen Iwuchukwu as a Director of the Company.			
4.1 To re-elect Mr. Emmanuel Nnorom as a Director of the Company.			
4.2 To re-elect Mr. Peter Elumelu as a Director of the Company.			
5. To appoint Deloitte & Touche Nigeria as Auditors to the Company			
6. To authorize the Directors to determine the remuneration of the Auditors for the 2020 financial year.			
7. To elect members of the Audit Committee.			

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

....

TRANSCORP HOTELS PLC

Sixth Annual General Meeting

ADMISSION CARD

Please admit the Shareholder named on this Card or his duly appointed proxy to the Annual General Meeting of the Company to be held on Tuesday, April 28, 2020, at Afriland Towers, 97/105 Broad Street, Lagos, at 1.00 p.m.

This admission card must be produced by the Shareholder in order to gain entrance into the Annual General Meeting.

____

Name of Shareholder

____

Address of Shareholder

____

Number of Shares Held

____

Signature

Africa Prudential
RC 649007

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. *E-MAIL:

5. ALTERNATE E-MAIL:

6. *MOBILE NO.: **1.** **2.**

7. SEX: MALE FEMALE

8. *DATE OF BIRTH D D M M Y Y Y Y

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.: C

11. NAME OF STOCKBROKER:

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
7. A.R.M LIFE PLC
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPPA AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
17. CORDROS MONEY MARKET FUND
18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. GLOBAL SPECTRUM ENERGY SERVICES PLC
26. MED-VIEW AIRLINE PLC
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*
28. NEXANS KABLEMETAL NIG. PLC
29. OMOLUABI MORTGAGE BANK PLC
30. PERSONAL TRUST & SAVINGS LTD
31. P.S MANDRIDES PLC
32. PORTLAND PAINTS & PRODUCTS NIG. PLC
33. PREMIER BREWERIES PLC
34. RESORT SAVINGS & LOANS PLC
35. ROADS NIGERIA PLC
36. SCOA NIGERIA PLC
37. TRANSCORP HOTELS PLC
38. TRANSCORP PLC
39. TOWER BOND
40. THE LA CASERA CORPORATE BOND
41. UACN PLC
42. UNITED BANK FOR AFRICA PLC
43. UNITED CAPITAL PLC
44. UNITED CAPITAL BALANCED FUND
45. UNITED CAPITAL BOND FUND
46. UNITED CAPITAL EQUITY FUND
47. UNITED CAPITAL MONEY MARKET FUND
48. UNITED CAPITAL NIGERIAN EUROBOND FUND
49. UNITED CAPITAL WEALTH FOR WOMEN FUND
50. UNIC DIVERSIFIED HOLDINGS PLC
51. UNIC INSURANCE PLC
52. UAC PROPERTY DEVELOPMENT COMPANY PLC
53. UTC NIGERIA PLC
54. VFD GROUP PLC
55. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

Affix
Recent Passport
Photograph

USE GUM ONLY
NO STAPLE PINS

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐ Date Of Birth D D M M Y Y Y Y

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:
Joint/Company's Signatories

Company Seal (if applicable)

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. ADAMAWA STATE GOVERNMENT BOND ☐
3. AFRILAND PROPERTIES PLC ☐
4. AFRICA PRUDENTIAL PLC ☐
5. A & G INSURANCE PLC ☐
6. ALUMACO PLC ☐
7. A.R.M LIFE PLC ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BUA GROUP ☐
10. BENUE STATE GOVERNMENT BOND ☐
11. CAP PLC ☐
12. CAPPA AND D'ALBERTO PLC ☐
13. CEMENT COY. OF NORTHERN NIG. PLC ☐
14. CSCS PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. CWG PLC ☐
17. CORDROS MONEY MARKET FUND ☐
18. EBONYI STATE GOVERNMENT BOND ☐
19. GOLDEN CAPITAL PLC ☐
20. INFINITY TRUST MORTGAGE BANK PLC ☐
21. INVESTMENT & ALLIED ASSURANCE PLC ☐
22. JAIZ BANK PLC ☐
23. KADUNA STATE GOVERNMENT BOND ☐
24. LAGOS BUILDING INVESTMENT CO. PLC ☐
25. GLOBAL SPECTRUM ENERGY SERVICES PLC ☐
26. MED-VIEW AIRLINE PLC ☐
27. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc) ☐
28. NEXANS KABLEMETAL NIG. PLC ☐
29. OMOLUABI MORTGAGE BANK PLC ☐
30. PERSONAL TRUST & SAVINGS LTD ☐
31. P.S MANDRIDES PLC ☐
32. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
33. PREMIER BREWERIES PLC ☐
34. RESORT SAVINGS & LOANS PLC ☐
35. ROADS NIGERIA PLC ☐
36. SCOA NIGERIA PLC ☐
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PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME

2. *FIRST NAME 3. OTHER NAME

4. *GENDER M F 5. E-MAIL

6. ALTERNATE E-MAIL

7. *DATE OF BIRTH D D M M Y Y Y Y

8. *MOBILE (1) (2)

9. *ADDRESS

10. OLD ADDRESS *(if any)*

11. *NATIONALITY 12. *OCCUPATION

13. *NEXT OF KIN NAME MOBILE

14. *MOTHER'S MAIDEN NAME

15. BANK NAME 16. A/C NO.

17. A/C NAME 18. A/C OPENING DATE D D M M Y Y Y Y

19. BANK VERIFICATION NO. (BVN) 20. NAME OF STOCKBROKING FIRM

21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
7. A.R.M LIFE PLC
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPPA AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
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25. GLOBAL SPECTRUM ENERGY SERVICES PLC
26. MED-VIEW AIRLINE PLC
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*
28. NEXANS KABLEMETAL NIG. PLC
29. OMOLUABI MORTGAGE BANK PLC
30. PERSONAL TRUST & SAVINGS LTD
31. P.S MANDRIDES PLC
32. PORTLAND PAINTS & PRODUCTS NIG. PLC
33. PREMIER BREWERIES PLC
34. RESORT SAVINGS & LOANS PLC
35. ROADS NIGERIA PLC
36. SCOA NIGERIA PLC
37. TRANSCORP HOTELS PLC
38. TRANSCORP PLC
39. TOWER BOND
40. THE LA CASERA CORPORATE BOND
41. UACN PLC
42. UNITED BANK FOR AFRICA PLC
43. UNITED CAPITAL PLC
44. UNITED CAPITAL BALANCED FUND
45. UNITED CAPITAL BOND FUND
46. UNITED CAPITAL EQUITY FUND
47. UNITED CAPITAL MONEY MARKET FUND
48. UNITED CAPITAL NIGERIAN EUROBOND FUND
49. UNITED CAPITAL WEALTH FOR WOMEN FUND
50. UNIC DIVERSIFIED HOLDINGS PLC
51. UNIC INSURANCE PLC
52. UAC PROPERTY DEVELOPMENT COMPANY PLC
53. UTC NIGERIA PLC
54. VFD GROUP PLC
55. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in ______ **"the company"**. I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES: ______ Surname / First Name / Middle Name

ADDRESS: ______

GSM NUMBER: ______ E-MAIL: ______

GENDER: Male ☐ Female ☐ DATE OF BIRTH: D D M M Y Y Y Y CSCS INVESTOR'S A/C NO.: ______

CLEARING HOUSE NUMBER(CHN): C ______ REGISTRAR'S ID NO (RIN): ______

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: ______ BANK: ______

BANK A/C NUMBER: ______ *Must be NUBAN* BVN: ______ *Must be confirmed by bank* AGE OF A/C: DD MM YYYY *Must be confirmed by bank*

Authorized Signature (1) *(and stamp of Stockbroker)*

Authorized Signature (2) *(and stamp of Stockbroker)*

Shareholder's Signature & Date

Shareholder's Signature & Date (2) *(if applicable)*

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Dated this ____ day of ____, 20 ____

Name: ______

Signature: ______

Joint (2) (if applicable): ______

Joint (3) (if applicable): ______

Company Seal

In the Presence of:

Name: ______ **GSM NO:** ______

Address: ______ **Signature:** ______

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S STOCKBROKER, BANKER OR INSURANCE COMPANY

On behalf of ______ Plc/Ltd, we hereby agree jointly and severally keep the company and/or the Registrar or other persons acting on their behalf fully indemnified aganist all action, proceedings, liabilities, claims, losses, damage, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom. We/I also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Authorised Signatory (1): ______ **Authorised Signatory (2):** ______

Company Seal

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