TRANSCORP HOTELS PLC

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

Transcorp Hotels Plc
Index to the Consolidated financial statements
For the period ended 30 June 2016

Transcorp Hotels Plc
Corporate Information
For the period ended 30 June 2016

Corporate Information		
Company Registration No.	RC 248514	
Registered Office	1 Aguiyi Ironsi Street Federal Capital Territory Abuja, Nigeria.	
Board of Directors	Olorogun O'tega Emerhor, OON	Chairman
	Mr. Valentine Ozigbo	Managing Director
	Ms. Okaima Ohizua	Executive Director
	Mr. Emmanuel Nnorom	Director
	Mr. Peter Elumelu	Director
	Mr. Benjamin Dikki	Director*
	Mr. Adim Jibunoh	Director**
	Dr.Vincent Akpotaire	Director**
	HRH Baba Mohammed	Director
	Mr. Gogo Kurubo	Director*
	Mr. Omoniyi Fagbemi mni	Director

* Director resigned on March 23, 2016
** Director appointed on March, 23 2016.
* Director resigned on April 15, 2016

Auditor	PricewaterhouseCoopers Chartered Accountants Landmark Towers 5B, Water Corporation Road Victoria Island, Lagos
Bankers	United Bank for Africa Plc Zenith Bank Plc Mainstreet Bank Limited
Company Secretary	Helen Iwuchukwu 1 Aguiyi Ironsi Street Federal Capital Territory Abuja, Nigeria.
Registrars	Africa Prudential Registrars Plc 220B Ikorodu Road Palmgrove, Lagos.

The Directors present their unaudited financial statements of Transcorp Hotels Plc ("the company") for the period ended 30 June 2016, to the members of the Company. This report discloses the state of the Company and the Group.

LEGAL FORM

Transcorp Hotels Plc was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company and is domiciled in Nigeria.

The company obtained approval from the Security and Exchange Commission (SEC) for its initial public offer (IPO) in December 2014 and was listed on the floor of the Nigeria Stock Exchange (NSE) in January 2015. The shares of the Company have continued to be traded on the floor of the Exchange.

The Company maintains controlling interests in the following companies, referred to as portfolio companies:
- Transcorp Hotels Calabar Limited
- Transcorp Hotels Port Harcourt Limited and
- Transcorp Hotels Ikoyi Limited

PRINCIPAL ACTIVITIES

The Company is involved in the investment and operation of hospitality and leisure companies.

RESULTS

The Group and Company's result for the period ended 30 June 2016 are set out on page 6. The profit for the period of N1.89Billion (Company: N1.88Billion) has been transferred to retained earnings. The summarised results are presented below.

	Group	Company
	30 June 2016	30 June 2016
	N'000	N'000
Gross profit	5,775,629	5,549,163
Profit before tax	2,745,954	2,737,111
Tax	(856,213)	(856,213)
Total comprehensive income attributable to owners of the parent	1,889,741	1,880,898
Earnings per share (kobo)	25	25

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' SHAREHOLDING

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

Full Name (With title)	Position	Direct Holding	Indirect Holding	Companies represented by indirect holding
Olorogun O'tega Emerhor, OON	Chairman	N/A	6,344,100,000	Transnational Corporation of Nigeria Plc
Valentine Ozigbo	Managing Director	1,000,000	N/A	N/A
Ohizua Okaima	Executive Director,Customer services	50,000	N/A	N/A
Peter Elumelu	Non Executive Director	100,000	6,344,100,000	Transnational Corporation of Nigeria Plc
Mr. Emmanuel Nnorom	Non Executive Director	1,000,000	6,344,100,000	Transnational Corporation of Nigeria Plc
Mr. Omoniyi Fagbemi mni	Non Executive Director	50,000	837,900,000	Ministry of finance incorporated
Gogo Kurubo	Independent Director	N/A	N/A	N/A
HRH Baba Mohammed	Non Executive Director	N/A	N/A	N/A
Benjamin Dikki	Non Executive Director	N/A	N/A	N/A

FIXED ASSETS

Information relating to changes in the fixed assets of the Company is given in Note 11 to the financial statements.

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

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

EMPLOYEE HEALTH, SAFETY AND WELFARE

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

EMPLOYEE TRAINING AND INVOLVEMENT

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

DONATIONS AND GIFTS

The company did not donate any sum in the current period (2015: N0 million).

AUDITORS

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

By order of the Board

Helen Iwuchukwu
Company Secretary
FRC/2015/NBA/00000012716
July 13, 2016

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

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

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other

(c) prepares the company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

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

Transcorp Hotels Plc
Statement of Financial Position
as at 30 June 2016

	Note	Group 30 June 2016 N'000	Group 31 December 2015 N'000	Company 30 June 2016 N'000	Company 31 December 2015 N'000
ASSETS					
Non Current assets					
Property, plant and equipment	11	70,561,033	63,334,139	60,118,924	54,068,669
Intangible assets	12	2,026,654	2,032,567	47,358	52,025
Investment in subsidiaries	13	-	-	3,529,781	3,529,781
Investment properties	14	-	-	1,507,000	1,507,000
Long term intercompany receivables	22.2	-	-	4,767,348	3,564,516
Total non current assets		**72,587,687**	**65,366,706**	**69,970,411**	**62,721,991**
Current assets					
Inventories	17	648,758	691,442	616,222	658,216
Trade and other receivables	18	8,554,454	11,098,053	8,808,135	11,510,857
Cash and bank balances	19	7,795,207	14,184,829	7,687,162	13,998,377
Total current assets		**16,998,419**	**25,974,324**	**17,111,519**	**26,167,450**
Total assets		**89,586,106**	**91,341,030**	**87,081,930**	**88,889,441**
LIABILITIES					
Non-current liabilities					
Borrowings- Non-current	15	16,313,564	16,313,564	16,313,564	16,313,564
Deposit for shares	20.2	2,410,000	2,410,000	-	-
Deferred tax liability	16	7,482,786	7,482,786	7,221,889	7,221,889
Total non-current liabilities		**26,206,350**	**26,206,350**	**23,535,453**	**23,535,453**
Current liabilities					
Trade and other payables	20	3,896,334	6,818,425	3,677,411	6,643,246
Borrowings- Current	15	3,238,531	3,238,531	3,238,531	3,238,531
Current income tax liabilities	10	2,210,000	2,932,574	2,190,398	2,912,972
Total current liabilities		**9,344,865**	**12,989,530**	**9,106,340**	**12,794,749**
Total liabilities		**35,551,215**	**39,195,880**	**32,641,793**	**36,330,202**
Equity					
Ordinary share capital	26	3,800,202	3,800,202	3,800,202	3,800,202
Share premium	26	4,034,411	4,034,411	4,034,411	4,034,411
Retained earnings		46,199,438	44,309,697	46,605,524	44,724,626
Capital and reserves attributable to owners of the parent		**54,034,051**	**52,144,310**	**54,440,137**	**52,559,239**
Non-controlling interests		840	840	-	-
Total equity		**54,034,891**	**52,145,150**	**54,440,137**	**52,559,239**
Total equity and liabilities		**89,586,106**	**91,341,030**	**87,081,930**	**88,889,441**

The notes on pages 9 to 44 are an integral part of these financial statements

The financial statements on pages 5 to 46 were approved and authorised for issue by the Board of Directors on July 13, 2016 and were signed on its behalf by;

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

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

Transcorp Hotels Plc
Statement of Comprehensive Income
For the period ended 30 June 2016

		Group		Company	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
	Note	N'000	N'000	N'000	N'000
Revenue	5	7,607,634	7,241,273	7,260,003	6,976,394
Cost of sales	6	(1,832,005)	(1,645,322)	(1,710,840)	(1,536,049)
Gross profit		**5,775,629**	**5,595,951**	**5,549,163**	**5,440,345**
Administrative expenses	7	(3,580,039)	(3,563,627)	(3,361,639)	(3,343,117)
Other operating income/ (expenses) -net	8	221,486	261,879	221,486	261,879
Operating profit		**2,417,076**	**2,294,203**	**2,409,010**	**2,359,107**
Finance income	9	328,878	190,225	328,101	188,737
Net finance income		**328,878**	**190,225**	**328,101**	**188,737**
Profit before taxation		**2,745,954**	**2,484,428**	**2,737,111**	**2,547,844**
Income tax expense	10	(856,213)	(726,415)	(856,213)	(720,609)
Profit for the period		1,889,741	1,758,013	1,880,898	1,827,235
Total comprehensive income for the period		**1,889,741**	**1,758,013**	**1,880,898**	**1,827,235**
Basic EPS (kobo)	25	25	23	25	24
Diluted EPS (kobo)	25	25	23	25	24

The notes on pages 9 to 44 are an integral part of these financial statements.

Transcorp Hotels Plc
Statement of Changes in Equity
For the period ended 30 June 2016

Group	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	N0n-Controlling Interest N'000	Total Equity N'000
At 1 January 2015	**3,800,202**	**4,034,411**	**43,917,457**	**-**	**51,752,070**
Profit for the period	-	-	1,758,013		1,758,013
Balance at 30 June 2015	**3,800,202**	**4,034,411**	**45,675,470**	**-**	**53,510,083**
Balance at 1 January 2016	**3,800,202**	**4,034,411**	**44,309,697**	**840**	**52,145,150**
Profit for the period	-	-	1,889,741		1,889,741
Balance at 30 June 2016	**3,800,202**	**4,034,411**	**46,199,438**	**840**	**54,034,891**

Company	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Total Equity N'000
Balance at 1 January 2015	**3,800,202**	**4,034,411**	**44,254,855**	**52,089,468**
Profit for the period	-	-	1,827,235	1,827,235
Balance at 30 June 2015	**3,800,202**	**4,034,411**	**46,082,090**	**53,916,703**
Balance at 1 January 2016	**3,800,202**	**4,034,411**	**44,724,626**	**52,559,239**
Profit for the period	-	-	1,880,898	1,880,898
Balance at 30 June 2016	**3,800,202**	**4,034,411**	**46,605,524**	**54,440,137**

The notes on pages 9 to 44 are an integral part of these financial statements.

Transcorp Hotels Plc
Statements of Cash Flows
For the period ended 30 June 2016

		Group		Company	
		30 June 2016	30 June 2015	30 June 2016 N'000	30 June 2015 N'000
	Note	**N'000**	**N'000**	**N'000**	**N'000**
Cash flows from operations					
Cash generated from operating activities	27	5,664,623	6,513,661	4,512,498	6,442,187
Tax paid	10	(1,578,787)	(864,458)	(1,578,787)	(864,458)
Net cash generated from/ (used in) operating activities		**4,085,836**	**5,649,203**	**2,933,711**	**5,577,729**
Cash flows from investing activities					
Proceeds from sale of property plant and equipment	11	3,500	-	3,500	-
Investment in subsidiary	13	-	-	-	-
		-	-	-	-
Purchase of property, plant and equipment	11	(7,700,973)	(965,021)	(6,469,664)	(929,203)
Purchase of intangible assets	12	(1,762)	(13,558)	(1,762)	(13,444)
Interest received	9	328,878	190,225	328,101	188,737
Net cash used in investing activities		**(7,370,357)**	**(788,354)**	**(6,139,825)**	**(753,910)**
Cash flows from financing activities					
Dividends paid		(3,105,101)	(2,812,149)	(3,105,101)	(2,812,149)
Net cash generated from financing activities		**(3,105,101)**	**(2,812,149)**	**(3,105,101)**	**(2,812,149)**
Net increase/ (decrease) in cash and cash equivalents		**(6,389,622)**	**2,048,700**	**(6,311,215)**	**2,011,670**
Cash and cash equivalents at the beginning of the period		14,184,829	2,688,578	13,998,377	2,624,925
Cash and cash equivalents at end of period	19	**7,795,207**	**4,737,278**	**7,687,162**	**4,636,595**

The notes on pages 9 to 44 are an integral part of these financial statements

1 General information

Transcorp Hotels Plc was incorporated on 12 July 1994 in Nigeria under the Companies and Allied Matters Act as a private limited liability Company, and is domiciled in Nigeria. The Company is engaged in the hospitality industry; particularly the rendering of hotel services.

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

The "Group" consists of Transcorp Hotels Plc and the above named subsidiaries.

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the second quarter ended 30 June, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting and the Companies and Allied Matters Act (CAMA).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2015.

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period ended 30 June 2016. The interim condensed financial statements have been prepared on a historical cost basis except for the fair value basis applied to certain property plant and equipment, intangible assets, investment property and equity investments. The financial statements are presented in Naira being the functional currency of the primary economic environment in which the Company operates.

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

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015 and have a material impact on the Group.

Amendment to IFRS 8, 'Operating segment'. This amendment requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported.

Amendments to IFRS 13, 'Fair value measurement' This amendment confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

Amendment to IAS 40, 'Investment Property. The interpretation clarifies that IAS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment property and owner-occupied property and determining whether the acquisition of an investment property is a business combination.

Amendment to IAS 24, 'Related-Party Disclosures'. The interpretation addresses where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the group.

(b) New standards and interpretations not yet adopted

Title of	Nature of change	Impact	Mandatory
IFRS 9 Financial Instruments	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the IASB in July 2014, the group no longer expects any impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities. Hence there will be no change to the accounting for these assets. There will also be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

New standards and interpretations not yet adopted (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
IFRS 15 Revenue from Contracts with Customers	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is currently assessing the impact of the new rules.	Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the group: 1 January 2017.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation

(a) Subsidiaries

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

Business Combination

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limitations, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the present ownership instrument's proportionate share of the recognised amounts of acquiree's identifiable net assets for components that are present and entitle their holders to a proportionate share of net assets in the events of liquidation. All other components of non-controlling interests are measured at fair value.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.
Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.
The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.
If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

b) Disposal of subsidiaries

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Common control transactions

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

2.3 Segment reporting

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.

The hospitality business is made up of Transcorp Hotels Plc (THP) and its subsidiaries, Transcorp Hotels Calabar Limited (THC), Transcorp Hotels Ikoyi Limited and Transcorp Hotels Port Harcourt Limited.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably.

All other repairs and maintenance are charged to the Statement of Profit or loss during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity.
As often as it occurs, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

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

Leasehold buildings	2 %	Plant and machinery	10 %
Furniture and fittings	20%	Computer equipment	33 %
Motor vehicles	25%		

The group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.
Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

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

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Transcorp Hotel Plc's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.
Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.
The Goodwill in the books arose from the purchase of Transcorp Hotels Calabar Limited which operates the Transcorp Hotel, Calabar.
For purposes of impairment testing, the entire business is treated as one cash generating unit (CGU).

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software product so that it will be available for use;
- the directors intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development, employee costs and an appropriate portion of relevant overheads.
Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.
Computer software development costs recognised as assets are amortised over their estimated useful lives from the point at which the asset is ready for use. The estimated useful lives of the software of the group is between two to eight years.

2.7 Investment properties

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

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

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

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated profit or loss during the financial period in which they are incurred.

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

If 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 consolidated financial statements that include both entities. This is because the propertyis 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.

2.8 Impairment of non-financial assets

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

The fair values of borrowings are based on cash flows discounted using a rate based on the borrowing rate of 21% (2015: 21%). The rate used is the average interest rate obtainable from commercial banks and has been determined as a level 2 measure within the fair value hierarchy.

2.9 Financial assets

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

2.9.1 Classification of financial instruments

Management determine the classification of its financial instruments at initial recognition.

(a) Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:
(a) those that the group upon initial recognition designates as at fair value through profit or loss;
(b) those that the group designates as available-for-sale; and
(c) those that meet the definition of loans and receivables.

(d) Financial liabilities at amortized cost

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

2.9.2 Recognition and measurement

(a) Loans and receivables

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

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

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

2.10 Offsetting financial instruments

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

2.11 Impairment of financial assets
Assets carried at amortised cost
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
The criteria that the group uses to determine that there is objective evidence of an impairment loss include:
- significant financial difficulty of the debtor or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

2.12 Inventories

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

2.13 Cash, cash equivalents and bank overdrafts

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

2.14 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. capitalised) until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Provisions

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

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

2.17 Current and deferred tax

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

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

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

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

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

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

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

2.18 Employee benefits

a Defined contribution scheme

The group operates a defined contributory pension scheme in line with the provisions of the Pension Reform Act 2014. The employer's contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid.

b 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 as in the year it is incurred. There is no contractual obligation neither has there been a past practice to create a constructive obligation.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable stated net of discounts, returns and value added taxes. The group earns revenue from the sale of goods and services.
Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue and associated costs incurred or to be incurred can be measured reliably.

Revenue includes hotel, entertainment and restaurant revenues, other service fees, rental income and the invoiced value of goods and services sold less returns and allowances. Value Added Tax (VAT) and other taxes are excluded from revenue and treated as overhead expenses , as these are borne by the Company and not by its customers. VAT on all other revenue transactions is considered to be a tax collected by the Company as an agent on behalf of the revenue authorities and is excluded from revenue.
Transcorp Hilton Hotel Abuja offers a customer loyalty programme called the Hilton Honours Guest Reward Programme on behalf of the Hilton International. Under this programme, registered members earn points when they pay for rooms or services at the hotel. The group accounts for the points as a separately identifiable component of the sales transaction in which they are granted (the 'initial sale' of rooms or service). The consideration received or receivable in respect of the initial sale is allocated between the points and the sale of rooms or service with reference to the fair value of the points. Revenue is measured as the net amount retained by the hotel, i.e. the difference between the consideration allocated to the award credits and the amount payable to the Hilton International for supplying the awards.

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.20 Leases

Operating lease

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

Finance lease

Leases of items by the group where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the asset and the present value of the minimum lease payments.
Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Dividend distribution

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

2.22 Share capital

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

3 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables, available-for-sale debt instruments and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for available-for-sale and held-to-maturity investments.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

The group's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and manages financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3.1 Market risk

(i) Foreign exchange risk

The group's exposure to foreign currency risk at the end of the reporting period, expressed in the individual foreign currency units was as follows:

Exposure as at 30 June , 2016

	USD	GBP	Euro
Group			
	000	**000**	**000**
Cash and cash equivalents	2,100	148	0
Trade payables	2,360	-	-
Company	**USD**	**GBP**	**Euro**
	000	**000**	**000**
Cash and cash equivalent	2,100	148	-
Trade payables	2,360	-	-
Exposure as at 31 Decemb			
Group			
Cash and cash equivalent	2,079	156	62
Trade payables	2,446	-	-
Company			
Cash and cash equivalent	2,033	156	62
Trade payables	2,446	-	-

3.1 Market risk (continued)

Amounts recognised in profit or loss and other comprehensive income

During the period, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	Note	Group		Company	
		30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
		N'000	N'000	N'000	N'000
Net foreign exchange gain/(loss) included in other income	*8*	217,986	261,879	217,986	261,879

Sensitivity

As shown in the table above, the group is primarily exposed to changes in US/=N= exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

	Group		Company	
	30 June 2016	31 Dec 2015	30 June	31 Dec
	N'000	N'000	N'000	N'000
Impact on post tax profit US/=N= exchange rate – increase 25%	219,655	222,856	219,655	222,856

(ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from long-term borrowings with fixed interest rates. The group's borrowings at fixed rate were mainly denominated in Nigerian currency (Naira).

3.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(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.
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 Hotel Plc's trade and other receivables. Credit rating for cash at bank and short term deposits is highlighted below:

	Group		Company	
	30 June 2016	**31 Dec 2015**	**30 June 2016**	**31 Dec 2015**
Cash at bank and short-term bank deposits	**N'000**	**N'000**	**N'000**	**N'000**
A+	7,795,207	14,184,829	7,687,162	13,998,377

None of the amounts receivable from related parties are past due or impaired and repayments have been received regularly and on time historically. Management has established a related entity risk management framework including pre-determined limits for extending credit to key management personnel.

(iii)Impaired trade receivables
Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified.
For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The group considers that there is evidence of impairment if any of the following indicators are present:
- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Individually impaired trade receivables relate to customers who had defaulted for more than 90 days where there is no evidence for recoverability of amounts owed. The group expects that a portion of the receivables will be recovered and has recognised impairment losses of N195million and N174million for group and company respectively. The ageing of these receivables is as follows:

	Group		Company	
	30 June 2016	**31 Dec 2015**	**30 June 2016**	**31 Dec 2015**
	N'000	**N'000**	**N'000**	**N'000**
1 to 3 months	146,357	-	130,865	-
3 to 6 months	15,611	3,381	13,959	3,381
Over 6 months	33,174	236,345	29,663	216,353
	195,143	**239,726**	**174,487**	**219,734**

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	Group		Company	
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	239,726	148,653	219,734	128,661
Provision for impairment recognised during the period	14,581	91,176	14,581	91,176
Received in the period	(59,164)	(103)	(59,828)	(103)
At 30 June	**195,143**	**239,726**	**174,487**	**219,734**

	Group		Company	
	30 June 2016	**31 Dec 2015**	**30 June 2016 N'000**	**31 Dec 2015**
Amounts recognised in profit or loss	(44,583)	91,073	(45,247)	91,073

(iv) Past due but not impaired

	Group		Company	
	30 June 2016	**31 Dec 2015**	**30 June 2016 N'000**	**31 Dec 2015**
Up to 3 months	63,633	249,964	63,633	249,964
3 to 6 months	214,113	196,833	214,113	147,224
	277,746	446,797	277,746	397,188

The other class within trade receivables do not contain impaired assets and are not past due. Based on the credit history of this other class, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

	Group		Company	
Neither past due not Impaired	**30 June 2016**	**31 Dec 2015**	**30 June N'000**	**31 Dec**
	N'000	**N'000**		**N'000**
Less than 3 months	701,574	943,502	598,528	916,505

4 Capital risk management

(a) Risk management

The group's objectives when managing capital are to
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

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

The group monitors capital on the basis of the following gearing ratio:
- Net debt as per note 28 divided by total 'equity' (as shown in the balance sheet, including non-controlling interests).

In the period ended June 2016, the group's strategy was to maintain a gearing ratio within 20% to 30% and a B credit rating. The credit rating was unchanged and the gearing ratios at 30 June 2016 and 31 December 2015 were as follows:

	Group		Company	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	N'000	N'000	N'000	N'000
Net debt (note 28)	11,756,888	5,367,266	11,864,933	5,553,718
Total equity	54,034,891	52,145,150	54,440,137	52,559,239
Net debt to equity ratio	22%	10%	22%	11%

(i) Loan covenants
Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:
- Maximum net debt: EBITDA of 3.0 from the Issue date to the maturity date.
- Minimum historical Debt Service Coverage Ratio ("DSCR") to be maintained at 1.2 times. The DSCR would be calculated as (Cash Flow Available for Debt Service/Total Debt - Service net of available cash and cash equivalents);
- Minimum Interest Cover to be maintained at 2.0 times. This will be calculated as the historical EBITDA/Net Interest Expenses;
- Secured indebtedness shall not exceed 50% of the Issuer's Net Asset determined on the basis of total assets less total liabilities, as stated in the Issuer's most recent consolidated financial statements.

4.1 Recognised fair value measurements

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial assets and liabilities into the three levels prescribed under the accounting standards.

At 30 June 2016	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
		N'000	**N'000**	**N'000**	**N'000**
Investment properties	14	-	1,507,000	-	1,507,000
Total Non-financial assets		-	1,507,000		1,507,000
At 31 December 2015					
Investment properties	14	-	1,507,000	-	1,507,000
Total Non-financial assets		-	1,507,000	-	1,507,000

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.
There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period.

ii) Valuation techniques used to determine level 2 fair values
The group obtains independent valuations for its investment properties at least annually.
At the end of each reporting period, the directors update their assessment of the fair value of its property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.
The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3 .The key inputs under this approach are the price per square metre from current year sales of comparable lots of land in the area (location and size).

Recognised fair value measurements (continued)

iii) Valuation processes
The group engages external, independent and qualified valuers to determine the fair value of the group's investment properties at the end of every financial year and for other land and buildings at least every three years.
As at 31 December 2015, the fair values of the investment properties have been determined by Ubosi Eleh & Company Estate Surveyors and Valuers.
In valuing the property, the valuers assumed :
i. That the title of the property is good and marketable;
ii. That the property is not adversely affected by or subject to compulsory acquisition, road widening, new proposal or planning scheme;
iii. that the property is free from all onerous charges and restrictions.

The basis of valuation is the market value that is the price, which an interest in a property might reasonably be expected to realize in a sale by private treaty 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.

The investment property was carried at cost in prior period, being the year of acquisition.
The main level 3 inputs used by the group are derived and evaluated as follows:
- Leased Land – discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by Ubosi Eleh & Company Estate Surveyors and Valuers
The estimates are consistent with the valuer's experience and knowledge of market

4.2 Critical accounting estimates and judgements

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

Impairment of goodwill
The Group reviews goodwill at least annually and other non-financial assets when there is any indication that the assets might be impaired. The Group has estimated the value in use and fair value of operating segments to which goodwill is allocated using discounted cash flow models that required assumptions about future cash flows, margins, and discount rates. See note 12 for methods and assumptions used in estimating net recoverable amount.

		Group		Company	
5	**Revenue**	**30 June 2016**	**30 June 2015**	**30 June 2016**	**30 June 2015**
		N'000	**N'000**	**N'000**	**N'000**
	Rooms	4,938,592	4,982,153	4,745,352	4,850,462
	Food & beverages	1,999,687	1,696,564	1,862,885	1,579,245
	Shop rental	338,421	346,374	338,421	346,374
	Service charge	7,348	6,829	-	-
	Other operating revenue	323,586	209,353	313,345	200,313
		7,607,634	7,241,273	7,260,003	6,976,394

The group earns revenue from the sale of goods and services, mainly hotel accommodation, sale of food and beverages, entertainment and restaurant revenues, other related service fees and rental income.

All the revenue was generated in Nigeria. The group does not have any customer that accounts for more than 5 % of its revenue. The revenue from external parties is measured in the same way as in the statement of Comprehensive Income.

		Group		Company	
6	**Cost of sales**	**30 June 2016**	**30 June 2015**	**30 June 2016**	**30 June 2015**
		N'000	**N'000**	**N'000**	**N'000**
	Rooms	11,972	9,803	-	-
	Food and beverages	568,037	467,826	503,789	410,769
	Other operating departments	12,690	14,804	12,690	14,804
	Staff costs	1,239,306	1,152,889	1,194,361	1,110,476
		1,832,005	1,645,322	1,710,840	1,536,049

		Group		Company	
7	**Administrative expenses**	**30 June 2016**	**30 June 2015**	**30 June 2016**	**30 June 2015**
		N'000	**N'000**	**N'000**	**N'000**
	Staff costs	600,433	555,454	571,272	522,377
	Depreciation	474,079	505,743	419,408	436,026
	Auditors remuneration	7,962	3,072	462	3,072
	Management and incentive fees	483,195	442,203	483,195	442,203
	Professional fees	29,108	15,271	28,958	15,271
	Directors' remuneration	63,692	77,031	62,872	77,031
	Bank charges	13,227	18,885	12,763	18,344
	Repairs and maintenance	240,134	320,589	217,577	292,832
	Energy cost	537,288	460,499	461,498	395,830
	Amortisation	7,675	-	6,429	-
	Insurance	77,261	76,017	77,261	76,017
	Group services and benefits	145,200	324,130	145,200	324,005
	Bank card charges	53,515	88,847	53,515	88,847
	Other operating expenses	847,270	675,886	821,229	651,262
		3,580,039	3,563,627	3,361,639	3,343,117

		Group		Company	
8	**Other operating income/ (expense)-net**	**30 June 2016**	**30 June 2015**	**30 June 2016**	**30 June 2015**
		N'000	**N'000**	**N'000**	**N'000**
	Profit on fixed asset disposal	3,500	-	3,500	-
	Net foreign exchange gains/ (loss)	217,986	261,879	217,986	261,879
		221,486	261,879	221,486	261,879

	Group		Company	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
	N'000	**N'000**	**N'000**	**N'000**
9 Finance income and cost				
Finance income				
Interest on bank deposits	328,878	190,225	328,101	188,737
Interest on intercompany loan		-		-
	328,878	190,225	328,101	188,737
Finance cost				
Interest expense	2,166,354	-	2,166,354	-
Less amount capitalised	(2,166,354)	-	(2,166,354)	-
Finance cost expensed	-	-	-	-

Capitalised borrowing cost
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 period, in this case 21% (2015 – 21%).

10 Taxation

	Group		Company	
Current tax	**30 June 2016**	**30 June 2015**	**30 June 2016**	**30 June 2015**
	N'000	**N'000**	**N'000**	**N'000**
Income tax	802,700	681,377	802,700	675,571
Education tax	53,513	45,038	53,513	45,038
	856,213	726,415	856,213	720,609
Income tax expense	**856,213**	**726,415**	**856,213**	**720,609**

The movement in tax payable is as follows:

	Group		Company	
	30 June 2016	**31 Dec 2015**	**30 June 2016**	**31 Dec 2015**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	2,932,574	3,092,585	2,912,972	3,081,435
Adjustments for current tax of prior periods	-	1,300	-	-
Provision for the period	856,213	1,901,697	856,213	1,894,545
Payment during the period	(1,578,787)	(2,063,008)	(1,578,787)	(2,063,008)
At 30 June	**2,210,000**	**2,932,574**	**2,190,398**	**2,912,972**

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the period ended 30 June 2016 and 31 December 2015 is as follows:

	Group		Company	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
	N'000	**N'000**	**N'000**	**N'000**
Profit before tax	2,745,954	2,484,428	2,737,111	2,547,844
Tax at Nigeria Corporation tax rate of 30% (2015: 30%)	802,700	681,377	802,700	675,571
Education tax	53,513	45,038	53,513	45,038
Tax charge for the period	**856,213**	**726,415**	**856,213**	**720,609**

11 Property plant and equipment

Group	Freehold Land	Leasehold Building	Plant& Machinery	Capital work in progress	Computer Equipment and Furniture and Fittings	Motor Vehicle	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
1 January 2015	31,358,513	15,451,750	2,629,862	1,535,322	2,387,878	417,325	53,780,650
Additions	3,639,500	115,451	375,898	10,938,590	257,154	149,008	15,475,601
Adjustments	-	13,782	520	-	(8,124)	-	6,178
Reclassifications	-	16,408	0	(16,844)	436	-	-
Disposals	-	-	-	0	(1,151)	(92,435)	(93,586)
31 December 2015	**34,998,013**	**15,597,391**	**3,006,280**	**12,457,068**	**2,636,193**	**473,898**	**69,168,843**
1 January 2016	34,998,013	15,597,391	3,006,280	12,457,068	2,636,193	473,898	69,168,843
Additions	1,223,914	53,919	67,783	6,244,980	110,377	-	7,700,973
Disposals	-	-	-	-	-	(6,784)	(6,784)
30 June 2016	**36,221,927**	**15,651,310**	**3,074,063**	**18,702,048**	**2,746,570**	**467,114**	**76,863,032**
Accumulated depreciation and impairment losses							
1 January 2015	-	1,401,084	1,417,281	-	1,751,165	267,357	4,836,887
Charge for the year	-	364,703	410,622	-	197,471	69,191	1,041,987
Disposals	-	-	-	-	(1,151)	(92,003)	(93,154)
Impairment	-	4,853	36,791	-	(2,519)	9,859	48,984
31 December 2015	**-**	**1,770,640**	**1,864,694**	**-**	**1,944,966**	**254,404**	**5,834,704**
1 January 2016	-	1,770,640	1,864,694	-	1,944,966	254,404	5,834,704
Charge for the period	-	185,656	132,957		117,954	37,512	474,079
Disposals	-	-	-	-	0	(6,784)	(6,784)
30 June 2016	**-**	**1,956,296**	**1,997,651**	**-**	**2,062,920**	**285,132**	**6,301,999**
Net Book value							
At 31 December 2015	**34,998,013**	**13,826,751**	**1,141,586**	**12,457,068**	**691,227**	**219,494**	**63,334,139**
At 30 June 2016	**36,221,927**	**13,695,014**	**1,076,412**	**18,702,048**	**683,650**	**181,982**	**70,561,033**

11 Property plant and equipment

Company	**Freehold Land**	**Leasehold Building**	**Plant& Machinery**	**Capital work in progress**	**Computer Equipment and Furniture and Fittings**	**Motor Vehicle**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cost							
1 January 2015	30,872,625	14,384,576	2,217,312	1,414,487	2,117,184	406,491	51,412,675
Additions	-	17,160	360,522	7,147,495	247,890	149,008	7,922,075
Adjustments		13,782	520	0	(8,124)	-	6,178
Reclassification	-	(436)	0	0	436	-	-
Disposals	-	-	-	-	(1,151)	(92,435)	(93,586)
31 December 2015	**30,872,625**	**14,415,082**	**2,578,354**	**8,561,982**	**2,356,235**	**463,064**	**59,247,342**
1 January 2016	30,872,625	14,415,082	2,578,354	8,561,982	2,356,235	463,064	59,247,342
Additions	-	53,919	65,453	6,244,980	105,312	-	6,469,664
Disposals	-	-	-	-		(6,784)	(6,784)
30 June 2016	**30,872,625**	**14,469,001**	**2,643,807**	**14,806,962**	**2,461,547**	**456,280**	**65,710,222**
Accumulated depreciation and impairment losses							
1 January 2015	-	1,306,695	1,229,664	-	1,530,301	258,265	4,324,925
Charge for the year	-	327,108	340,828	-	161,916	68,062	897,914
Adjustments		4,853	36,791		(2,519)	9,863	48,988
Disposals	-	-	-	-	(1,151)	(92,003)	(93,154)
31 December 2015	-	1,638,656	1,607,283	-	1,688,547	244,187	5,178,673
1 January 2016	-	1,638,656	1,607,283	-	1,688,547	244,187	5,178,673
Charge for the period	-	165,618	109,234	-	107,458	37,099	419,409
Disposals	-	-		-		(6,784)	(6,784)
30 June 2016	**-**	**1,804,274**	**1,716,517**	**-**	**1,796,005**	**274,502**	**5,591,298**
Net Book Value							
At 31 December 2015	**30,872,625**	**12,776,426**	**971,071**	**8,561,982**	**667,688**	**218,877**	**54,068,669**
At 30 June 2016	**30,872,625**	**12,664,727**	**927,290**	**14,806,962**	**665,542**	**181,778**	**60,118,924**

None of the non-current assets have been pledged as security by the group.

12 Intangible assets

	Group			Company
	Goodwill	Computer software	Total	Computer software
Cost	N'000	N'000	N'000	N'000
1 January 2015	1,974,756	98,182	2,072,938	86,899
Additions	-	16,242	16,242	16,242
Disposals	-	(821)	(821)	-
31 December 2015	**1,974,756**	**113,603**	**2,088,359**	**103,141**
Balance at 1 January 2016	1,974,756	113,603	2,088,359	103,141
Additions	-	1,762	1,762	1,762
Disposals	-	-	-	-
30 June 2016	**1,974,756**	**115,365**	**2,090,121**	**104,903**
Accumulated amortisation				
1 January 2015	-	43,301	43,301	38,953
Amortisation for the year	-	12,491	12,491	12,163
31 December 2015	**-**	**55,792**	**55,792**	**51,116**
Balance at January 1, 2016	-	55,792	55,792	51,116
Amortisation for the period	-	7,675	7,675	6,429
30 June 2016	**-**	**63,467**	**63,467**	**57,545**
Net Book Value				
31 December 2015	**1,974,756**	**57,811**	**2,032,567**	**52,025**
30 June 2016	**1,974,756**	**51,898**	**2,026,654**	**47,358**

The group determines at each reporting date whether there is any objective evidence that intangible assets are impaired. The remaining amortisation period for computer software cost is between 2 to 8 years. Goodwill is not amortised but tested for impairment annually.

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

12.1 *Goodwill*

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

12 Intangible assets (continued)

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

	30 June 2016	31 Dec 2015
Budgeted gross margin %	74%	74%
Weighted average growth rate	6%	6%
Pre-tax discount rate	17%	17%
Recoverable amount of CGU (N'000)	4,055,039	4,055,039

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption Used	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long term inflation forecasts.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGU, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGU. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	Reflect specific risks relating to the CGU and the countries in which they operate.

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

Goodwill has been allocated to the following CGU as follows

	30 June 2016 N'000	31 Dec 2015 N'000
Transcorp Hotels Calabar Limited (THCL)	1,974,756	1,974,756

13 Investment in subsidiaries

	Company	
	30 June 2016 N'000	**31 Dec 2015 N'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**

Movement in investment in subsidiaries is analysed as follows:

	Company	
	30 June 2016 N'000	**31 Dec 2015 N'000**
At beginning of period	3,529,781	3,508,621
Additions - cost	-	21,160
At end of period	**3,529,781**	**3,529,781**

Transcorp Hotels Ikoyi (formerly Multi-Mega Investments and Properties Nigeria Limited) was incorporated on July 2000 as a private limited liability company.

On August 2013, the company acquired 1,160,000 shares (representing 52% shareholding) in Transcorp Hotels Ikoyi Limited. Based on the events that occured during the year, Transcorp Hotels Plc gaind control over Transcorp Hotels Ikoyi Limited in 2015.
The shareholders of Transcorp Hotels Ikoyi are Transcorp Hotels Plc (52%) and Heirs Holdings Limited (48%).

Transcorp Hotels Port Harcourt Limited is a wholly owned subsidiary of Transcorp Hotels Plc. The company was incorporated and registered 1 March 2014 as a private limited liability company.

14 Investment property

	Group		Company	
Investment property (Land)	**30 June 2016 N'000**	**31 Dec 2015 N'000**	**30 June 2016 N'000**	**31 Dec 2015 N'000**
At beginning of period	-	1,138,164	1,507,000	1,138,164
Additions	-	407,000	-	407,000
Fair value loss on investment property	-	(38,164)	-	(38,164)
Transfer to property, plant and equipment	-	(1,507,000)	-	-
Closing balance	**-**	**-**	**1,507,000**	**1,507,000**

Investment property as at 31 December 2015 relates to the 12,550.70 square Meters of land at Ikegwere street, Oromerezingbu Village, Port Harcourt, Rivers State, Nigeria.However, no revaluation was done as at 30 June 2016.

As at 31 December 2015, the rental income from investment properties amount to N4,1 million and loss on revaluation amounting to N38.1 million. There are no direct operating expenses from property that generated rental income

14 Investment property (continued)

This investment property was occupied by Transcorp Hotels Port Harcourt Limited in 2015 and has been earmarked as the site for the proposed Transcorp Hotels Port Harcourt.

In line with IAS 40, this investment property has been reclassified to property plant and equipment in the consolidated financial statement.

15 Borrowings

	Group		Company	
	30 June 2016	**31 Dec 2015**	**30 June 2016**	**31 Dec 2015**
	N'000	**N'000**	**N'000**	**N'000**
Unsecured and non- current bond	16,313,564	16,313,564	16,313,564	16,313,564
Unsecured and current bond	3,238,531	3,238,531	3,238,531	3,238,531
Total borrowings	**19,552,095**	**19,552,095**	**19,552,095**	**19,552,095**

The company issued:

i) a N10 billion 7-year 16.00% fixed rate bonds made through 100% firm underwriting process wherein the Issue is offered to Qualified Institutional Investors ("QIIs") and High Net Worth Investors ("HNIs") as defined under Rule 321 of the Rules and Regulations of the Securities and Exchange Commission, and

ii) a N9.758 billion subscribed 5-year 15.50% fixed rate bonds made through Book building process wherein 100% of the subscribed Issue is offered to Qualified Institutional Investors ("QIIs") and High Net Worth Investors ("HNIs") as defined under Rule 321 of the Rules and Regulations of the Securities and Exchange Commission
See note 4a(i) for details of loan covenant.
The fair values of borrowings are based on cash flows discounted using a rate based on the borrowing rate of 16% and the rate used is the average interest rate obtainable from commercial banks.
This has been determined as a level 1 measure within the fair value hierarchy as the bond is traded on an active market-

Use of 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	7,611,496	76%	April 2017
Construction of Multipurpose Banquet	1,902,874	19%	December 2017
Cost of Issue	235,630	2%	Paid
Underwriting Fee	250,000	3%	Paid
	10,000,000	**100%**	

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

Purpose	Amount (N'000)	% of Net proceeds	Estimated completion period
Upgrade and refurbishment of Transcorp Hilton Abuja	7,615,821	78%	April 2017
Construction of Multipurpose	1,930,955	20%	December 2017
Cost of Issue	238,224	2%	Paid
	9,785,000	**100%**	

16 Deferred tax

Movements

Group	Property, plant and equipment	Tax losses and provisions	Others	Total
	N'000	N'000	N'000	N'000
At 1 January 2015	7,604,469	(123,540)	22,927	7,503,856
Charged/(credited) to profit or loss	(151,137)	130,067		(21,070)
At 31 December 2015	**7,453,332**	**6,527**	**22,927**	**7,482,786**
At 1 January 2016	7,453,332	6,527	22,927	7,482,786
Charged/(credited) to profit or loss	-	-	-	-
At 30 June 2016	**7,453,332**	**6,527**	**22,927**	**7,482,786**

Company	Revaluations	Tax losses and provisions	Others	Total
At 1 January 2015	7,338,694	(123,540)	-	7,215,154
Charged/(credited) to profit or loss	(107,915)	114,650		6,735
At 31 December 2015	**7,230,779**	**(8,890)**	**-**	**7,221,889**
At 1 January 2016	7,230,779	(8,890)	-	7,221,889
Charged/(credited) to profit or loss	-	-	-	-
At 30 June 2016	**7,230,779**	**(8,890)**	**-**	**7,221,889**

17 Inventories

	Group		Company	
	30 June 2016 N'000	**31 Dec 2015 N'000**	**30 June 2016 N'000**	**31 Dec 2015 N'000**
Food and beverage	161,996	147,931	146,942	129,215
Fuel	14,682	36,824	14,682	36,824
Engineering spares	409,323	431,646	399,245	425,281
Guest supplies	92,392	104,676	84,988	96,531
	678,393	721,077	645,857	687,851
Less impairment	(29,635)	(29,635)	(29,635)	(29,635)
	648,758	**691,442**	**616,222**	**658,216**

18 Trade and other receivables

	Group		Company	
	30 June 2016 N'000	**31 Dec 2015 N'000**	**30 June 2016 N'000**	**31 Dec 2015 N'000**
Trade receivables	979,320	1,390,299	876,274	1,313,693
Less: Provision for impairment of trade receivables	(195,143)	(239,726)	(174,487)	(219,734)
	784,177	1,150,573	701,787	1,093,959
Prepayments	144,401	61,443	132,135	55,673
Receivable from related	6,802,757	9,131,486	7,172,635	9,653,654
Other receivables	823,119	754,551	801,578	707,571
	8,554,454	11,098,053	8,808,135	11,510,857

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. 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.

19 Cash and bank balances

	Group		Company	
	30 June 2016 N'000	31 Dec 2015 N'000	30 June 2016 N'000	31 Dec 2015 N'000
Cash in hand	12,465	9,770	10,602	9,770
Cash in bank	7,782,742	14,175,059	7,676,560	13,988,607
	7,795,207	14,184,829	7,687,162	13,998,377

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

Cash and bank balances	7,795,207	14,184,829	7,687,162	13,998,377

20 Trade and other payables

	Group		Company	
	30 June 2016 N'000	31 Dec 2015 N'000	30 June 2016 N'000	31 Dec 2015 N'000
Trade payables	133363	311808	92,776	283,699
VAT payable	4,025	73,585	4,025	73,585
Accrued liabilities	3,187,329	2,613,572	3,003,520	2,460,574
Dividend payable	-	3,105,101	-	3,105,101
Intercompany payable (Note 20.1)	25,096	79,014	30,569	84,942
Forward contracts				-
Deposits from guests	129,915	123,244	129,915	123,244
WHT Payable	332,127	364,640	332,127	364,640
Unearned income	84,479	147,461	84,479	147,461
Total	3,896,334	6,818,425	3,677,411	6,643,246

20.1 Intercompany payable

	Group		Company	
	30 June 2016 N'000	31 Dec 2015 N'000	30 June 2016 N'000	31 Dec 2015 N'000
Transnational Corporation of Nigeria Plc (Parent)	25,096	79,014	30,569	63,782
Transcorp Hotels Port Harcourt Limited	-	-	-	20,000
Transcorp Hotels Ikoyi Limited	-	-	-	1,160
	25,096	79,014	30,569	84,942

20.2 Deposit for shares

Based on the Memorandum of Understanding between Transcorp Hotels Plc and Heirs Holdings Limited, THIL will issue shares to Heirs Holdings Limited on completion of the construction and start of operation of the hotel.

Deposit for shares relates to Heirs Holding Nigeria Limited's contribution to the development of Transcorp Hotels Ikoyi Limited (THIL).

21 Financial Instruments and fair values

Measurement Categories

The following table shows the carrying values of financial assets and liabilities for each of these categories at 30 June 2016 and 31 December 2015.

Group	30 June 2016 N'000	31 Dec 2015 N'000
Financial Assets	*Loans and receivables*	*Loans and receivables*
Trade and other receivables	8,554,454	11,098,053
Cash and cash equivalents	7,795,207	14,184,829
	16,349,661	25,282,882

Measurement Categories continued

	30 June 2016 N'000	31 Dec 2015 N'000
Financial Liabilities	*Other financial liabilities*	*Other financial liabilities*
Trade payables and other liabilities	3,896,334	6,818,425
Borrowings	19,552,095	19,552,095
	23,448,429	26,370,520

Company	**30 June 2016 N'000**	**31 Dec 2015 N'000**
Financial Assets	*Loans and receivables*	*Loans and receivables*
Trade and other receivables	8,808,135	11,510,857
Cash and cash equivalents	7,687,162	13,998,377
	16,495,297	25,509,234
Financial Liabilities	*Other financial liabilities at amortised cost*	*Other financial liabilities at amortised cost*
Trade payables	92,776	283,699
Intercompany payables	30,569	84,942
Borrowings	19,552,095	19,552,095
	19,675,440	19,920,736

22 Related parties

The parent company of the company is Transnational Corporation of Nigeria Plc. The company is owned by Nigerian citizens.
A number of transactions are entered into with related parties in the normal course of business. The volumes of related-party transactions, outstanding balances at the period-end, and relating expense and income for the period are as follows:

	Group		**Company**	
Sales to :	**30 June 2016 N'000**	**31 Dec 2015 N'000**	**30 June 2016 N'000**	**31 Dec 2015 N'000**
Transnational Corporation of Nigeria Plc (Holding Company)	504	13,746	504	13,746
Transcorp Power Limited	2,095	-	2,095	-
Afriland Properties Plc (Related Party)	-	-	-	-
Heirs Holdings (Related Party)	1,913	6,957	1,913	6,957
Avon Healthcare Limited (Related Party)	-	4,800	-	4,800

Period/year-end balances arising from sales/purchases of goods and services.

22.1 Receivables from related parties

	Group		Company	
	30 June 2016 N'000	31 Dec 2015 N'000	30 June 2016 N'000	31 Dec 2015 N'000
Parent and Holding Company				
Transnational Corporation Nigeria Plc	5,099,215	7,186,548	5,099,215	7,186,548
Heirs Holding Nigeria Limited	44,092	60,022	44,092	60,022
	5,143,307	7,246,570	5,143,307	7,246,570
Subsidiary and fellow subsidiaries				
Transcorp Hotel Calabar	-	-	369,878	517,677
Transcorp Power Limited	1,457,372	1,861,450	1,457,372	1,861,450
Teragro Commodities Limited	-	6,241	-	6,241
Transcorp Hotels Port Harcourt Limited	-	-	4,491	4,491
Due from Transcorp OPL 281 Limited	17,189	17,225	17,189	17,225
Closing balance	6,617,868	9,131,486	6,992,237	9,653,654

22.2 Long term intercompany receivables

	Group		Company	
	30 June 2016 N'000	31 Dec 2015 N'000	30 June 2016 N'000	31 Dec 2015 N'000
Opening balance	-	-	3,564,516	1,616,010
Transcorp Hotels Port Harcourt Limited	-	-	24,505	380,627
Transcorp Hotels Ikoyi Limited	-	-	1,178,327	1,567,879
Closing balance	-	-	4,767,348	3,564,516

Long term Intercompany receivables relates to total amount incurred on on-going projects at Transcorp Hotels Port Harcourt and Transcorp Hotels Ikoyi Limited.
For group purposes, long term receivables has been represented as capital work in progress under property, plant and equipment.

22.3 Loans to related parties

	Group		Company	
	30 June 2016 N'000	31 Dec 2015 N'000	30 June 2016 N'000	31 Dec 2015 N'000
Beginning of the period	6,068,589	4,222,040	6,068,589	4,222,040
Loan advanced				
Transnational company of Nigeria	200,000	3,600,000	200,000	3,600,000
Transcorp Power Limited	500,000	2,150,000	500,000	2,150,000
Loan repayments				
Transnational company of Nigeria	(2,332,408)	(1,992,552)	(2,332,408)	(1,992,552)
Transcorp Power Limited	(1,000,000)	(2,156,286)	(1,000,000)	(2,156,286)
Interest received				
Transnational company of Nigeria	192,355	89,053	192,355	89,053
Transcorp Power Limited	95,924	156,334	95,924	156,334
End of the period	3,724,460	6,068,589	3,724,460	6,068,589

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of receivables due from related parties. Loans to related parties are included in "Intercompany Receivables"

23 Staff numbers and costs

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

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Staff Numbers per grade				
Managerial	33	32	33	32
Senior staff	150	157	149	143
Others	1,596	1,449	1,428	1,260
	1,779	1,638	1,610	1,435
N240,00- N500,000	878	825	709	636
N500,001-N1,000,000	689	589	689	589
N1,000,001-N2,000,000	149	163	149	149
N2,000,001-N4,000,000	30	30	30	30
N4,000,000- N5,000,000	33	31	33	31
	1,779	1,638	1,610	1,435

Staff costs for the above persons (excluding Directors):

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	N'000	N'000	N'000	N'000
Salaries and wages	1,758,582	1,626,410	1,684,476	1,552,780
Pension cost	81,157	81,933	81,157	80,073
	1,839,739	1,708,343	1,765,633	1,632,853
Analysis of staff costs:				
Cost of sales	1,239,306	1,152,889	1,194,361	1,110,476
Administrative and general expenses	600,433	555,454	571,272	522,377
	1,839,739	1,708,343	1,765,633	1,632,853

Emoluments of directors

	Group		Company	
The remuneration paid to the Directors of the Company was:	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	N'000	N'000	N'000	N'000
Salaries	26,281	17,313	26,281	17,313
Fees	12,768	15,735	12,768	15,735
	39,049	33,048	39,049	33,048
Amount paid to the highest paid director (excluding pension contributions)	10,738	10,738	10,738	10,738

23 Staff numbers and costs (continued)

	Group		Company	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Chairman's emoluments	**N'000**	**N'000**	**N'000**	**N'000**
Fees	10,768	10,768	10,768	10,768
Others	2,000	1,845	2,000	1,845
	12,768	12,613	12,768	12,613

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

	Group		Company	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Less than N700,000	7	7	7	7
Over N700,000	2	2	2	2
	9	9	9	9

24 Key management compensation

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

	Group		Company	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
	N'000	**N'000**	**N'000**	**N'000**
Salaries and other short-term employee	26,281	34,185	26,281	34,185
Defined contributions	-	-	-	-
	26,281	34,185	26,281	34,185

25 Earnings per share

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

	Group		Company	
	30 June 2016	**30 June 2015**	**30 June 2016**	**30 June 2015**
Profit attributable to owners (N)	1,889,741,000	1,758,013,000	1,880,898,000	1,827,235,000
Weighted average number of ordinary shares in issue	7,600,403,900	7,600,403,900	7,600,403,900	7,600,403,900
Basic Earnings per share (Kobo)	**25**	**23**	**25**	**24**
Diluted Earnings per share (Kobo)	**25**	**23**	**25**	**24**

26 Share capital

	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
Authorised:				
15,000,000,000 ordinary shares of 50k each	7,500,000	7,500,000	7,500,000	7,500,000

	30 June 2016 N'000	31 Dec 2015 N'000	30 June 2016 N'000	31 Dec 2015 N'000
Issued, called up 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	30 June 2016 N'000	31 Dec 2015 N'000
	4,034,411	4,034,411
Balance	**4,034,411**	**4,034,411**

27 Cash generated from operating activities

	Group		Company	
	30 June 2016 N'000	30 June 2015 N'000	30 June 2016 N'000	30 June 2015 N'000
Profit before tax	2,417,076	2,294,203	2,409,010	2,359,107
Adjustment for non cash items				
Depreciation of fixed assets	474,079	505,743	419,409	436,027
Amortisation of intangible assets	7,675		6,429	-
Fixed asset impairment and write off	-		-	-
Intangible assets impairment and write-off	-		-	-
Fair value difference- Investment property	-		-	-
Profit on disposal of property plant and equipment	(3,500)		(3,500)	-
Other adjustments to reconcile expenses				
Increase in investment in subsidiary	-	(3,674,479)		(3,674,479)
Decrease / (increase) in debtors and prepayment	2,543,599	4,476,979	2,702,722	4,400,349
Decrease in inventory	42,684	73,426	41,994	64,423
Inrease in long term receivable		1,616,010	(1,202,832)	1,616,010
Increase/(decrease)in payables and accrued expenses	183,010	1,221,779	139,266	1,240,750
Increase in deposit for shares	-	-	-	-
Net cash generated from/ (used in) operations	5,664,623	6,513,661	4,512,498	6,442,187

28 Net debt reconciliation

Analysis of net debt and the movements in net debt for each of the periods presented.

	Group		Company	
	30 June 2016 N'000	**31 Dec 2015 N'000**	**30 June 2016 N'000**	**31 Dec 2015 N'000**
Borrowings – repayable within one year	3,238,531	3,238,531	3,238,531	3,238,531
Borrowings – repayable after one year	16,313,564	16,313,564	16,313,564	16,313,564
Gross debt	19,552,095	19,552,095	19,552,095	19,552,095
Gross debt – fixed interest rates	19,552,095	19,552,095	19,552,095	19,552,095
Cash and liquid investments	(7,795,207)	(14,184,829)	(7,687,162)	(13,998,377)
Net debt (See note 4)	11,756,888	5,367,266	11,864,933	5,553,718

29 Capital commitments

The group has committed capital expenditure up to N10 billion (31 December 2015: N13.3 billion) for hotel expansion and upgrade as at 30 June, 2016.

30 Contingent liabilities

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

31 Dividend per Share

No interim dividend was declared in the period

32 Subsequent events

No subsequent events after the balance sheet date came to the notice of the directors, which would materially affect the position shown by the financial statements on the balance sheet date.

Transcorp Hotels Pc
Statement of Value Added
For the period ended 30 June 2016

	Group							
	2016		**2015**		**2016**		**2015**	
	N'000	**%**	**N'000**		**N'000**	**%**	**N'000**	**%**
					313,345			
Revenue	7,607,634		7,241,273		7,260,003		6,976,394	
Other income	550,364		452,104		549,587		450,616	
	8,157,998		7,693,377		7,809,590		7,427,010	
Bought in services								
- Foreign	(1,858,936)		(1,796,918)		(1,732,462)		(1,686,172)	
- Local	(1,239,291)		(1,197,945)		503,789		-1,124,115	
	(3,098,227)		(2,994,863)		1,194,361		(2,810,287)	
Value added	**5,059,771**	**100%**	**4,698,514**	**100%**	**4,922,153**	**100%**	**4,616,723**	**100%**
Distribution								
Employees								
Salaries and benefits	1,839,739	36%	1,708,343	36%	1,765,633	36%	1,632,853	35%
Provider of funds								
Dividend	-	0%	-	0%	-	0%	-	0%
Government								
Taxation	856,213	17%	726,415	15%	856,213	17%	720,609	16%
The Future								
Depreciation	474,079	9%	505,743	11%	419,409	8%	436,026	9%
Retained profit	1,889,741	37%	1,758,013	37%	1,880,898	38%	1,827,235	40%
	5,059,771	**100%**	**4,698,514**	**100%**	**4,922,153**	**100%**	**4,616,723**	**100%**

Transcorp Hotels Plc
Five Year Financial Summary
For the year ended 30 June 2016

The Group

	30 June	31 December			
	2016	**2015**	**2014**	**2013**	**2012**
Balance sheet	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	72,587,687	65,366,706	53,727,574	49,604,610	50,470,194
Current assets	16,998,419	25,974,324	15,896,273	16,985,474	11,264,473
Current liabilities	(9,344,865)	(12,989,530)	(10,367,921)	(15,477,800)	(10,112,811)
Non-current liabilities	(26,206,350)	(26,206,350)	(7,503,856)	(7,598,293)	(8,317,170)
Net assets	54,034,891	52,145,150	51,752,070	43,513,991	43,304,686
Capital and reserves					
Share capital	3,800,202	3,800,202	3,800,202	5,000	5,000
Share premium	4,034,411	4,034,411	4,034,411	-	-
Revenue reserves	46,199,438	44,309,697	43,917,457	43,508,991	43,299,686
Non-controlling interest	840	840	-	-	-
	54,034,891	52,145,150	51,752,070	43,513,991	43,304,686

	30 June	30 June	31 December		
Comprehensive income	**2016**	**2015**			
Revenue	7,607,634	7,241,273	15,104,796	15,384,722	13,258,127
Profit before taxation	2,745,954	2,484,428	4,540,000	6,122,054	4,049,543
Taxation	(856,213)	(726,415)	(1,319,385)	(1,712,749)	(1,139,749)
Profit after taxation	1,889,741	1,758,013	3,220,615	4,409,305	2,909,794
Other comprehensive income for the year, net of tax	-	-	-	-	180,919
Total comprehensive income for the year, net of tax	1,889,741	1,758,013	3,220,615	4,409,305	3,090,713
Basic earnings per share (kobo)	25	23	59	88,186	58,196

Company

	30 June	31 December			
	2016	**2015**	**2014**	**2013**	**2012**
Balance sheet	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current asset	69,970,411	62,721,991	53,398,491	48,046,797	48,867,133
Current asset	17,111,519	26,167,450	16,073,951	18,343,977	12,610,725
Current liabilities	(9,106,340)	(12,794,749)	(10,167,820)	(15,362,959)	(10,166,454)
Non-current liabilities	(23,535,453)	(23,535,453)	(7,215,154)	(7,286,101)	(7,817,487)
	54,440,137	52,559,239	52,089,468	43,741,714	43,493,917
Capital and reserves					
Share capital	3,800,202	3,800,202	3,800,202	5,000	5,000
Share premium	4,034,411	4,034,411	4,034,411	-	-
Revenue reserves	46,605,524	44,724,626	44,254,855	43,736,714	43,488,917
	54,440,137	52,559,239	52,089,468	43,741,714	43,493,917

	30 June	30 June	31 December		
Comprehensive income	**2016**	**2015**	**2014**	**2013**	**2012**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	7,260,003	6,976,394	14,486,575	14,768,454	12,755,193
	2,737,111	2,547,844	4,645,971	6,163,838	4,250,106
Taxation	(856,213)	(720,609)	(1,315,681)	(1,716,041)	(1,151,081)
Profit after taxation	1,880,898	1,827,235	3,330,290	4,447,797	3,099,025