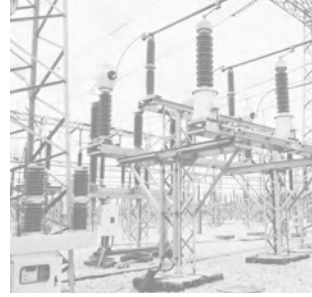


transcorp

2018



ANNUAL



REPORT

& FINANCIAL STATEMENTS

Improving Lives, Transforming Nigeria.

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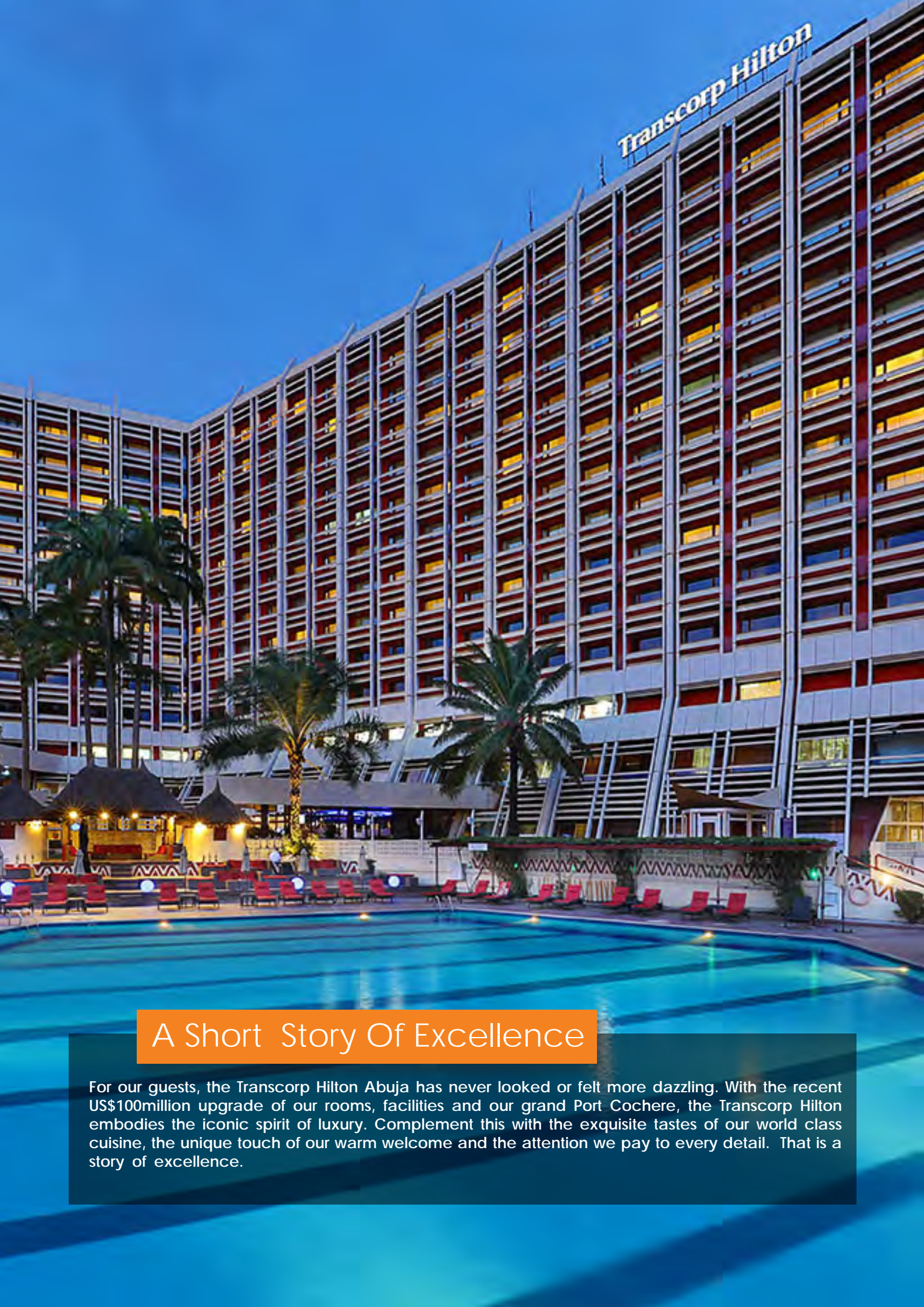
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Transcorp Hilton

A Short Story Of Excellence

For our guests, the Transcorp Hilton Abuja has never looked or felt more dazzling. With the recent US\$100million upgrade of our rooms, facilities and our grand Port Cochere, the Transcorp Hilton embodies the iconic spirit of luxury. Complement this with the exquisite tastes of our world class cuisine, the unique touch of our warm welcome and the attention we pay to every detail. That is a story of excellence.



01

OVERVIEW

GROUP OVERVIEW

About Transcorp

Incorporated on November 16, 2004, Transnational Corporation of Nigeria Plc ("Transcorp") is a leading diversified conglomerate focused on acquiring and managing strategic businesses that create long term shareholder value and positive socioeconomic impact. Transcorp currently has business interests in three strategic sectors of the Nigerian economy, namely power, hospitality and oil & gas.

Transcorp's notable businesses include the multiple award winning Transcorp Hilton Abuja, Transcorp Hotels Calabar, Transcorp Power's 972 megawatts gas-fired power plant at Ughelli, Delta State, Oil

Prospecting License 281, Transcorp Hotels Ikoyi and Transcorp Hotels Port Harcourt currently being developed. These businesses are owned and managed by Transcorp through its respective subsidiaries namely, Transcorp Hotels Plc, Transcorp Power Limited, Transcorp OPL 281 Nigeria Limited and Transcorp Energy Limited.

Transcorp is quoted on the Nigerian Stock Exchange and has about 300,000 shareholders, the largest of which is Heirs Holdings, a pan-African proprietary investment company.

Purpose

Improving lives, transforming Nigeria.

Our Values

Deeply rooted in our employees are our values, the 3Es (Execution, Enterprise and Excellence), which drive us towards a common sense of purpose to create long lasting value for our stakeholders.



Execution: Getting things done, Ownership and Accountability, Responsiveness

Enterprise: Determination, Ingenuity, Hardwork.

Excellence: Quality, Distinction, Exceptionalism



Execution

A burning desire to always see things through to completion in a timely, efficient and effective manner.



Enterprise

Having the willingness and determination to do whatever it takes to legitimately get the job done.



Excellence

Delivering in an outstanding manner, consistently.

OUR BUSINESSES

Transcorp Hilton Abuja

Transcorp Hilton Abuja is Africa's multiple award-winning hotel and an icon at the centre of our nation, Nigeria. Nestled in the heart of Nigeria's Federal Capital Territory, 40 minutes' drive from Nnamdi Azikiwe International Airport, Abuja, is a 670-room, 5-star hotel that provides luxury accommodation, exotic cuisine, fully equipped meeting rooms and leisure facilities to business and leisure travellers from all over the world. The hotel offers the benefit of the international-standard guest reward programme, Hilton Honors, which awards points and miles to members who stay at any of the Hilton Group's 3,700 hotels world-wide, and airline miles in partnership with over 50 airlines.

The renovation of the iconic Transcorp Hilton Abuja is substantially completed; Guest rooms on Floors 2-10 have been completed; two of the three wings of floor 1 have been completed and returned to operation; and the meeting rooms have been completely and returned to operation. The Hotel launched exciting new features including the grand Port Cochere (new entrance), 3 new gatehouses with state-of-the-art security equipment, modern landscaping, parking management system (paid parking), additional parking areas and Drivers Village.

In 2018 Transcorp Hilton Abuja continued its award-winning streak by emerging the proud recipient of five prestigious awards, including Africa's Leading Business Hotel, at the World Travel Awards. World Travel Awards is the ultimate hallmark of quality globally and seeks to acknowledge, reward and celebrate excellence in the sector.



Transcorp Hotels Plc won the 2018 PEARL Awards Sectorial Leadership Awards (Services - Hotels & Lodging). The PEARL Awards Nigeria, is one of Nigeria's foremost award recognition bodies, focused on rewarding corporate excellence in local institutions and promoting healthy competition amongst quoted companies through growth, diversification and innovation.

Transcorp Hotels Plc won the Institute of Directors Corporate Governance Award. It is worthy of mention that the brand was among the two awardees recognized in the much coveted award that partnered with Nigeria Stock Exchange, a reflection of our strong corporate governance footprints across board. Other awards won by Transcorp Hotels in 2018 include two major awards from the Seven Stars Luxury Hospitality and Lifestyle Awards, one award from the World Luxury Hotel Awards, two awards from World Luxury Restaurant Awards, "Corporate Governance Awards" from the Institute of Directors and "Hospitality Brand of the Year Award" from New Telegraph. Transcorp Hotels Plc maintained its investment grade credit rating for the Company and the Bonds as the two rating agencies (GCR and Augusto & Co.) affirmed the Company's "Stable" outlook.



Transcorp Hotels Calabar Limited

The 146-room Transcorp Hotels Calabar is a premier hotel destination in Calabar, Cross River State, which is fast becoming the preferred destination for business and leisure. The hotel is located in the heart of Calabar and is a well-known landmark for both locals and visitors. It is the perfect meeting place for business and pleasure.

Transcorp Hotels Calabar also provides outstanding conferencing facilities: one dining, 24-hour room service, a fitness centre, complimentary airport pick-up, complimentary Wi-Fi connection in all guest rooms and guest discounts with local merchants. Transcorp continues to develop strategies in the medium and long term that will consistently position the hotel as a leader in the hospitality market of Nigeria's South-South Region. In a similar vein, the turnaround initiatives for Transcorp Hotels Calabar continued to yield positive results as the hotel recorded 82% growth in profit before tax (PBT). The key driver of this remarkable performance was our strategy of increasing occupancy and proactive cost management, which allowed optimal headroom to adjust room rates in response to local competition.

Transcorp Hotels Ikoyi Limited

A major milestone in the realization of the Transcorp Hotels Ikoyi vision is the execution of the land swap deal with the Institute of Directors (IoD). We now have a total land size of 11,563. sqm, having acquired adjacent properties which provides us with a better opportunity to develop the property. The proposed 5-star hotel will have 300 guest rooms with an optimized room mix matrix, as well as state of the art amenities including ballrooms, meeting spaces, fine dining, spa, and fitness facilities. There will also be an adjoining multi-use complex to be built adjacent to the hotel. This will house offices, apartments and other commercial spaces. The Company intends to complete Transcorp Hotels Ikoyi by 2023.

Transcorp Hotels Port Harcourt Limited

Land acquisition and clearing of the property have been completed. Total land size is 12,550.7sqm but the project remains on hold while we prioritize the Upgrade and Lagos projects to secure maximum return on investment.

Transcorp Power Limited

Transcorp Power Limited (Transcorp Power) is the power subsidiary of Transcorp. The company is a leader in the Nigerian power space and drives Transcorp's strategic interests in the Power sector with its gas-fired, single cycle 972MW installed capacity power generating plant in Ughelli, Delta State. Transcorp Power has consistently led power generating companies in Nigeria in terms of electricity generated and wheeled unto the national grid. The Company has also remained the stabilizer amongst the power generating companies by the provision of black start, free governor and a number of other ancillary services. The 5-year period given to the Gencos to meet their respective minimum generation targets lapsed in 2018. Transcorp Power surpassed its generation target of 670MW well before the 5-year timeline. The Bureau of Public Enterprise (BPE) carried out a capacity test which confirmed the feat (680MW) achieved by Transcorp Power, thereby qualifying Transcorp Power to be de-listed from companies that will continue to be subjected to post privatisation monitoring by BPE. The delisting process is on-going.



Front view of the Transcorp Power office, Ughelli, Delta state.



Transcorp OPL 281 Nigeria Limited

The Oil and Gas activities of Transcorp are carried out by its fully owned subsidiaries, Transcorp Energy Limited and Transcorp OPL 281 Nigeria Limited.

Transcorp Oil & Gas continued its push towards developing OPL 281 oil block and fulfilling work obligations under the Production Sharing Contract (PSC) entered with Nigerian National Petroleum Corporation (NNPC). This was further enhanced by NNPC's extension of Phase 1 of the Exploration Period by two years. The extension has given us additional time to complete our work commitments under that phase, and ultimately deliver on our work obligations under the PSC. This is critical to achieving our key objective of discovering hydrocarbons in commercial quantity, and the resultant conversion of the oil prospecting license to an oil mining lease (OML).

During the year under review, we also held significant engagements with Sacoil Holdings Limited (now Efora Energy Limited, "Efora"), which resulted in both sides reaching an understanding on the key issues that led to litigation by both parties. We entered into renegotiations for assignment of the 40% participating interest in OPL 281 to Efora and the joint operating agreement that would govern and advance our partnership for the development of the oil block. Given the renewed commitments shown by Efora and us, we are positive that a stronger partnership would emerge towards the successful development of OPL 281 oil block.

RESULTS AT A GLANCE

Group	31-Dec-18	31-Dec-17	Inc/ (Dec)
	Nmn	Nmn	%
Gross Earnings	104,163	80,285	30
Cost of Sales	55,910	43,860	27
Gross Profit	48,253	36,424	32
Administrative Expenses	14,600	11,752	24
Profit /(Loss) before tax	22,402	12,306	82
Profit /(Loss) after tax	20,626	10,607	94
Non-Current Assets	204,543	191,433	7
Current Assets	92,596	94,089	(2)
Total Assets	297,139	285,522	4
Share Capital	20,324	20,324	-
Shareholders' fund	105,353	95,708	10
Basic Earnings per share	23.00	12.00	92

Company	31-Dec-18	31-Dec-17	Inc/ (Dec)
	Nmn	Nmn	%
Gross Earnings	8,900	5,122	74
Cost of Sales	-	-	-
Gross Profit	8,900	5,122	74
Administrative Expenses	3,365	2,357	43
Profit /(Loss) before tax	5,706	2,568	122
Profit /(Loss) after tax	4,611	1,869	147
Non-Current Assets	38,331	39,302	(2)
Current Assets	28,107	23,801	18
Total Assets	66,438	63,102	5
Share Capital	20,324	20,324	-
Shareholders' fund	37,820	35,607	6
Basic Earnings per share	11.00	5.00	120

BOARD OF DIRECTORS



Mr. Tony O. Elumelu, CON
Mr. Valentine Ozigbo
Mr. Christopher Ezeafulukwe
Mr. Emmanuel N. Nnorom
Dr. Stanley I. Lawson
Ms Obi Ibekwe
Mrs. Toyin Sanni

Chairman
President/CEO
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

OFFICERS AND PROFESSIONAL ADVISERS

Group Company Secretary

Mrs. Helen Iwuchukwu

Registered Office

38, Glover Road,
Ikoyi, Lagos, Nigeria

Auditors

Ernst & Young

10th and 13th Floors, UBA House
57, Marina,
Lagos, Nigeria.

Bankers

United Bank For Africa Plc

First Bank Of Nigeria Plc

Registrars and Transfer Officer

Africa Prudential Plc

220B Ikorodu Road
Palmgrove, Lagos
Tel: 01-4612373-76

PROFILE OF DIRECTORS



TONY O. ELUMELU, CON
Chairman

Tony O. Elumelu is an economist, investor, and philanthropist. He chairs the privately held investment firm, Heirs Holdings and Nigeria's largest quoted conglomerate, Transcorp. He invests across Africa, primarily in the oil and gas, financial services, hospitality and power sectors. His investments are informed by his philosophy of Africapitalism: the belief that the private sector can lead Africa's economic renaissance and that investment should create both economic prosperity and social wealth.

Mr Elumelu sits on several public and social sector boards including the United Nations Sustainable Energy for All Initiative (SE4ALL) and USAID's Private Capital Group Partners Forum (PCG). He is the Chairman of leading pan-African financial services group, United Bank for Africa, with presence in 19 African countries, and offices in Paris, London and New York. He is also the Founder of the Tony Elumelu Foundation, which has seeded \$100 million through the Tony Elumelu Entrepreneurship Programme, to champion entrepreneurship across Africa over the next 10 years.

Among his numerous roles, he serves as Co-Chair of the Aspen Institute Strategy Group on Global Food Security, sits on the Global Advisory Board of the Washington DC based think tank, the Wilson Center, and is a member of the Global Advisory Council of the Harvard Kennedy School's Center for Public Leadership. He is also a member of the World Economic Forum Community of Chairmen. In 2003, the Federal Government of Nigeria conferred the national honour of Member of the Federal Republic (MFR) on Mr. Elumelu. In 2012, he was awarded the National Honour of Commander of the Order of the Niger (CON) for his service in promoting private enterprise.



VALENTINE OZIGBO
President/CEO

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

Valentine is a graduate of Lancaster University, UK where he bagged a Distinction in M.Sc Finance. He also has an MBA in Banking & Finance and a B.Sc in Accounting both from the University of Nigeria (UNN). Prior to joining Transcorp, Valentine was General Manager and Divisional Head in charge of Global Transaction Banking at Keystone Bank Plc, successor to Bank PHB. His remit covered product development, international business, global trade and eBusiness. Before then, he was the Divisional Head of International Banking and Head of Global Strategic Alliances at United Bank for Africa Plc. Valentine has also worked with FSB Int. Bank Plc (now Fidelity Bank Plc), Continental Trust Bank Ltd (now part of UBA) and Diamond Bank Plc.

PROFILE OF DIRECTORS



CHRISTOPHER EZEAFULUKWE
Executive Director

Mr. Christopher Ezeafulukwe holds an LL. B. degree from the University of Lagos, a B.L (second class upper division) from the Nigerian Law School, an LL. M from the University of Lagos and another LL. M in Energy, Environmental & Natural Resources Law from the University of Houston, Texas. He is a member of the Nigerian Bar Association (NBA), Institute of Chartered Secretaries & Administrators of Nigeria (ICSAN), Association of International Petroleum Negotiators (AIPN), and until recently a member of the Executive Council of the Association of Power Generation Companies.

Chris has extensive experience in legal and transaction advisory and support services, company secretarial and related practices and business development. Prior to joining Transcorp, Chris was the Company Secretary of Bank PHB Plc (now Keystone Bank Limited). He also served as the Head Legal Services and Company Secretary of Platinum Bank Plc. Chris started his legal career with the law firm of Paul Usoro & Co. He joined Transcorp in 2012 as the Legal Adviser & Company Secretary before proceeding to the University of Houston, Texas for a specialized masters programme in Energy, Environment and Natural Resources. Chris returned to Transcorp as the Group General Counsel and later took on additional responsibility as the Head, Business Development. As an Executive Director, Chris is currently responsible for Business Development and Legal, with particular focus on deepening Transcorp's power business and developing its oil and gas assets.



EMMANUEL N. NNOROM
Non-Executive Director

Emmanuel N. Nnorom is the Group CEO of Heirs Holdings. Prior to joining the Heirs Holdings Group, served as President/CEO of Transnational Corporation of Nigeria Plc, overseeing the Transcorp businesses, including Transcorp Power, Transcorp Hilton Abuja, Transcorp Hotels, Calabar and Transcorp Energy. Prior to Transcorp, Emmanuel had held senior positions at Heirs Holdings and had served as an Executive Director at United Bank for Africa (UBA) and Managing Director of UBA Africa, overseeing the Group's African subsidiaries and executing corporate strategy in 18 African countries. Other senior roles held within UBA included Group COO, followed by his appointment as Group CFO, with responsibility for Finance and Risk.

He is a Chartered accountant and brings over three decades of professional experience in the corporate and financial sectors, working with publicly listed companies. He is an alumnus of Oxford University's Templeton College, and a prize winner and Fellow of the Institute of Chartered Accountants of Nigeria. He also serves as Chairman, Transcorp Power Limited and Transcorp Hotels Plc.



STANLEY LAWSON
Non-Executive Director

Dr. Stanley I. Lawson holds an M.Sc. degree in Petroleum Geology, an MBA degree in Finance both from the University of Ibadan as well as a Ph.D. in Business Administration from the University of Phoenix, Arizona. He is the Managing Partner of Financial Advisory and Investment Consultants; an oil & gas-sector focused financial advisory services firm. He is a widely-respected expert with multi-disciplinary professional experience spanning over three decades in the energy and financial sectors. He spent the early years of his career as a Resident Geologist/Drilling Engineer after which he proceeded to the Banking/Finance Industry where he spent over 17 years rising to the position of Managing Director/Chief Executive of African Express Bank in 2003.

Dr. Lawson also served as Group Executive Director, Finance and Accounts at the Nigerian National Petroleum Corporation (NNPC), a position he held for almost five years. He had core responsibilities for funding, budgeting and cash flow planning. He also served on the Board of the CBN as a member of the Monetary Policy Committee between 2014 and 2016.

PROFILE OF DIRECTORS



OBI IBEKWE
Non-Executive Director

Obi Ibekwe holds a Bachelor of Arts degree in International Relations from Tufts University, Medford, Massachusetts, U.S.A. and a Law degree from the University of Lagos, Nigeria. She was called to the Nigerian Bar in 1986. She also holds an MBA degree from the prestigious Ross School of Business, University of Michigan, Ann Arbor, U.S.A.

She has over two decades experience in Banking, holding key management positions spanning Credit and Marketing, Credit Risk Management, Human Resources and Customer Service. During her career, she worked in some of the largest banks in the country including, Diamond Bank Plc, Zenith Bank Plc and United Bank for Africa Plc from where she retired as an Executive Director in 2018.

Prior to her banking career, she practiced with the Law firm of Olaniwun Ajayi & Co., specializing in commercial law. She was also at Accenture as a member of the senior management team where she led various comprehensive planning, organizational and resource management improvement projects in the private and public sectors.



TOYIN SANNI
Non-Executive Director

Mrs. Toyin Sanni was Group Chief Executive Officer at United Capital Plc from January 2014 until June 30, 2018. She is now Chief Executive Officer of the Emerging Africa Capital Group. Prior to these positions, she served as Managing Director and Chief Executive Officer of United Capital Trustees Limited (UBA Trustees Limited) for eight years. She has over 30 years of experience Investment Banking, Law and Finance. She is the President of the Association of Corporate and Individual Investment Advisers, CIAA, a Fellow and Past-President of the Association of Investment Advisers & Portfolio Managers, IAPM, a Past President of the Association of Corporate Trustees, an Associate of the Institute of Directors Nigeria, a Fellow of the Chartered Institute of Stockbrokers and also a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria. In 2017, Toyin won the All African Business Woman of the Year, AABLA Award by CNBC Africa as well as the Pearl Most Outstanding CEO of the Year Award for Nigeria.

She has served on various committees and boards including the National Bond Steering Committee, the West African Capital Markets Integration Technical Committee and as Chairperson of the Capital Market Retreat Committee for 2014-2016. Prior to joining the United Capital Group, she had set up and run successful Trustee, Asset Management and Leasing businesses. She is a frequent speaker at various Seminars and Workshops, including International Investor Conferences. She is an Alumnus of the Lagos Business School Chief Executive Program and has attended various executive education programs at the Harvard Business School, Wharton Business School & IESE Business School, Barcelona.

Toyin is a Lawyer, Chartered Secretary and Stockbroker. She holds a Bachelor of Laws degree, LLB from the University of Ife, a Master's degree, LLM (Hons) from the University of Lagos as well as the professional qualifications of the I.C.S.A UK and the Chartered Institute of Stockbrokers (C.I.S) Nigeria. She has authored three books including "Riding The Eagle – A Guide to Investing in Nigeria".

CEOs OF SUBSIDIARIES



OWEN OMOGIAFO
CEO, Transcorp Hotels Plc

Owen Omogiafo is the MD/CEO of Transcorp Hotels Plc, owner of the Transcorp Hilton Abuja and Transcorp Hotels Calabar. She is leading the positive transformation at both Transcorp Hilton Abuja and Transcorp Hotels Calabar. Prior to joining Transcorp Hotels Plc, Owen was the Executive Director, Corporate Services at Transnational Corporation of Nigeria Plc (Transcorp) where she drove operational efficiency across the Transcorp Group. She has over 18 years' corporate experience in organizational development strategy, human capital management, banking, change and business management. She holds a B.Sc. in Sociology & Anthropology from the University of Benin and an M.Sc. in Human Resource Management from the London School of Economics and Political Science. Mrs. Omogiafo is a member of the Chartered Institute of Personnel and Development (CIPD), UK and a Certified Change Manager with the Prosci Institute, USA. She was in 2018 recognised by The Guardian as one of Nigeria's 100 most inspirational women.



KALYANA SUNDARAM
CEO, Transcorp Power Limited

Kalyana Sundaram holds an MBA in Advanced Operations Management from the University Technical Malaysia, Melaka and a bachelor's Degree in Mechanical Engineering from the Institute of Engineers, Calcutta India. He is a certified Energy Manager from the Government of India and a certified Boiler Proficiency Engineer from the Directorate of Indian Boilers. He has over 36 years of hands-on experience in the installation and commissioning of various power plant projects, operations, maintenance and performance monitoring of various power plants in diverse areas, spanning seven countries. He is a strong power professional in various fields such as oil & gas, refineries & petrochemicals, polyesters, iron and steel mining, sugar and cement industries. Prior to joining Transcorp Power Limited, he was Vice president for the 726MW combined cycle gas turbine power plant (Sogex Oman India) at Tripura, India.



TONY CHUKWUEKE
Director, Transcorp Energy Limited

Tony Chukwueke is responsible for leading a team of specialists to develop the Company's Energy Portfolio including the acquisition of the 972 MW capacity Ughelli Power Plant. He has over 35 years global oil and gas experience in the upstream and downstream sectors and holds a B.Sc. in Physics, an M.Sc. in Applied Geophysics and a Ph.D. in Geology, all from the University of Nigeria Nsukka. Tony is also the Technical Director of Tenoil Petroleum and Energy Services, an indigenous Nigerian Oil and Gas exploration and production arm wholly owned by Heirs Holdings. He provides support and consultancy services.

EXECUTIVE MANAGEMENT TEAM



VALENTINE OZIGBO
President/Chief Executive
Officer

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

Valentine is a graduate of Lancaster University, UK where he bagged a Distinction in M.Sc Finance. He also has an MBA in Banking & Finance and a B.Sc in Accounting both from the University of Nigeria (UNN). Prior to joining Transcorp, Valentine was General Manager and Divisional Head in charge of Global Transaction Banking at Keystone Bank Plc, successor to Bank PHB. His remit covered product development, international business, global trade and eBusiness. Before then, he was the Divisional Head of International Banking and Head of Global Strategic Alliances at United Bank for Africa Plc. Valentine has also worked with FSB Int. Bank Plc (now Fidelity Bank Plc), Continental Trust Bank Ltd (now part of UBA) and Diamond Bank Plc.



CHRISTOPHER EZEAFULUKWE
Executive Director

Mr. Christopher Ezeafulukwe holds an LL. B. degree from the University of Lagos, a B.L (second class upper division) from the Nigerian Law School, an LL. M from the University of Lagos and another LL. M in Energy, Environmental & Natural Resources Law from the University of Houston, Texas. He is a member of the Nigerian Bar Association (NBA), Institute of Chartered Secretaries & Administrators of Nigeria (ICSAN), Association of International Petroleum Negotiators (AIPN), and until recently a member of the Executive Council of the Association of Power Generation Companies.

Chris has extensive experience in legal and transaction advisory and support services, company secretarial and related practices and business development. Prior to joining Transcorp, Chris was the Company Secretary of Bank PHB Plc (now Keystone Bank Limited). He also served as the Head Legal Services and Company Secretary of Platinum Bank Plc. Chris started his legal career with the law firm of Paul Usoro & Co. He joined Transcorp in 2012 as the Legal Adviser & Company Secretary before proceeding to the University of Houston, Texas for a specialized masters programme in Energy, Environment and Natural Resources. Chris returned to Transcorp as the Group General Counsel and later took on additional responsibility as the Head, Business Development. As an Executive Director, Chris is currently responsible for Business Development and Legal, with particular focus on deepening Transcorp's power business and developing its oil and gas assets.



HELEN IWUCHUKWU
Group Company Secretary

Helen Iwuchukwu is the Group Company Secretary of Transnational Corporation of Nigeria Plc (Transcorp). Consequently, she serves as Company Secretary to 4 active Companies within the Transcorp Group including Transcorp Hotels Plc and Transcorp Power Limited. Helen joined Transcorp Plc in 2006 and has held a number of sensitive and senior positions at Transcorp and its subsidiaries in different capacities. She was previously the Company Secretary / Legal Adviser for Transcorp Group from October 2009 to February 2012. She holds an LL. B. (Hons) degree in Law from Abia State University. She was enrolled as a Solicitor and Advocate of the Supreme Court of Nigerian in 1993 (BL Hons) and holds a Master of Laws degree (LL. M.) from Middlesex University Business School, London. She specialises in Employment Law.

Helen is a member of the Nigerian Bar Association and has acquired 25 years of professional work experience both in Nigeria and the United Kingdom in legal advisory, corporate law, corporate governance, administration, human capital management and government relationship management.

EXECUTIVE MANAGEMENT TEAM



NAPOLEON ESEMUDJE
Director of Resources

Napoleon Esemudje is the Director of Resources providing group wide leadership for the shared services teams of Human Resources, Facility Management and Administration, Marketing and Corporate Communication as well as Information Technology. He has over 19 years' experience in roles cutting across corporate, commercial banking, general and human resources management. Napoleon holds a B.Sc. and an MBA from the Universities of Ibadan and Lagos respectively as well as an M.Sc. (with distinction) from the University of Birmingham (UK) which he attended as a Chevening Scholar. He is also an alumnus of the Lagos Business School Senior Management Programme and has attended executive management/leadership programmes at the Wharton School, University of Pennsylvania, Kellogg School of Management, North Western University, as well as the Cranfield University, School of Management amongst several others. He is a member of the Chartered Institute of Personnel Management (MCIPM), a Certified Human Resources Manager (CHRM), an honorary senior member of the Chartered Institute of Bankers (HCIB) of Nigeria and a member of the Society for Human Resources Management.



MUTIU ADEKUNLE BAKARE
Group Chief Financial Officer

Mutiu Bakare is an astute finance professional with over 15 years' experience in Finance Management. He holds a First Class degree in Accounting from Obafemi Awolowo University, Ile Ife, Osun state; an MBA (with distinction) from the University of Leicester, United Kingdom, as well as an M.Sc. in Finance and Investment from the University of Leeds, also in the United Kingdom. He is a fellow of the Institute of Chartered Accountants of Nigeria. Mutiu began his finance career in Akintola Williams Deloitte. He has also worked with KPMG Professional Services and Shell Nigeria Closed Pension Fund Administrators Ltd.



CHINWEUGO NWAFOR
Group Head, Internal Audit

Chinweugo Nwafor brings over 10 years' extensive work experience gained in the banking, financial consulting, asset management and insurance industry. She is a seasoned audit professional with proven knowledge and experience in Governance, Operational Risk Management, Process Reviews, Compliance as well as Financial and Asset Management. Chinweugo holds a B.Sc. degree in Accounting from the University of Nigeria Nsukka. She is an Associate of the Institute of Chartered Accountants of Nigeria (ACA) and is also a member of the Institute of Internal Auditors (IIA).

Chinweugo began her career in Ecobank and later joined KPMG Professional Services, where she worked extensively in the Internal Audit Risk & Compliance Services unit providing financial advisory, accounting, risk management, corporate governance, contract compliance, internal audit and quality assurance services to clients in varied industrial sectors. Prior to joining Transcorp, she worked with ARM Investment Managers and served as the Head, Internal Audit and Control for ARM Life Plc.



02

STRATEGY AND
BUSINESS REVIEW

CHAIRMAN'S STATEMENT



TONY O. ELUMELU, CON
Chairman

THE MESSAGE

Distinguished Shareholders, Directors, Ladies and Gentlemen, it is with great pleasure that I welcome you to the 13th Annual General Meeting of your company, Transnational Corporation of Nigeria Plc ("Transcorp" or "the Company"). I am also delighted to announce that in line with our expectations and the deliberate execution of key strategic objectives in 2018, your company delivered record setting financial results which validates the enduring strength of our business in the years to come.

Your Company remains a bellwether in the Nigerian economy with investments in the critical sectors of the economy: power, hospitality and oil and gas. Our purpose remains to improve lives and transform economies through dominant generation and supply of power not just to the Nigerian economy but also to neighbouring economies, delighting our guests and customers through our unrivalled premium hospitality offerings, becoming a major indigenous player in the oil and gas sector and making successful investment forays into other critical sectors of the Nigerian economy. I am pleased to report that through successful execution of our business strategy, strong culture of efficiency and good corporate governance practices, your Company delivered a solid performance.

In line with my responsibility as Chairman, I am happy to present our annual report and financial statements for 2018 financial year, highlighting the achievements of our businesses and setting out our key objectives for 2019.

GLOBAL ECONOMY – UNEVEN GROWTH STORY

The growth witnessed in the global economy in 2017 and early 2018 lost momentum towards the end of 2018 amidst trade tension caused by the implementation of tariffs by major economies, especially the US, and retaliatory measures taken by others, including China. The fast pace expansion in the US economy was weakened by the slowdown in activities in the Euro-area, UK, Japan and China. Thereby reducing the worldwide economic growth to 3.7% from 3.8% in 2017.

The US economy was on uncontrolled growth in 2018 with acceleration in economic activities propelled mostly by fiscal stimulus. There was improved labour market, very low unemployment rate and high corporate spending. In contrast, growth in the Eurozone areas slowed in 2018 due to softened export resulting from reducing external demand. Growth in the China economy also decelerated due to decrease in industrial production and export activities.

In Africa, after low GDP growth recorded in 2015 and 2016, the African economy recovered with a 3.6% and 3.5% growth in 2017 and 2018 respectively. Recovery in 2018 remained weak amidst sluggish growth in Nigeria, South-Africa and Angola - the three largest economies in the sub-Saharan region. Lower oil production offset the gains from higher oil prices in Nigeria and Angola while contraction in agriculture, milling and construction dragged South Africa's economy into recession in Q2 2018.

The global outlook for 2019 is murky as activities are expected to further slow moderately. International Monetary Fund (IMF) projection for global growth in 2019 is 3.5% as against 3.7% in 2018. Major themes like the escalation of trade tensions between the US and China, a no-deal Brexit with negative cross-border spillovers, sustained pressure on oil prices and high-profile elections in countries like India, Argentina, Indonesia, Thailand, South Africa and Nigeria are factors that will shape global performance in 2019.

NIGERIA ECONOMY – SLOW RECOVERY

In 2018, the Nigeria economy continued on the path of recovery as average oil price traded above budget benchmark while FX liquidity and external reserves remained at comfortable levels. However, momentum in the economic recovery was reduced by the escalation of farmer/herder's crisis and increased political tension. This resulted in a sluggish economic performance with a GDP growth of 2% in Q3 2018, similar with Q4 2017 performance. While oil price increased to USD73.4 per barrel in Q3 2018, the average oil production reduced to below 2 million barrels per

day (mbpd) compared to 2.03 mbpd produced in 2017.

The policy stances taken by the Central Bank of Nigeria (CBN) continue to pave way for a more stable FX regime. Despite capital outflow, elevated political uncertainties, and increased election-related FX demand, currency market conditions were mostly stable in 2018. The apex bank carefully protected the Naira via frequent interventions at the interbank and bureau de change (BDC) segments of the market. In order to ease pressure on the domestic currency, the CBN also commenced the sale of Chinese Yuan in the second half of 2018, following the currency swap agreement entered into by CBN and the People's Bank of China.

The performance of the Nigerian economy in 2019 will largely be dependent on the outcome of the 2019 general elections and the possible resultant reforms across key sectors of the economy.

STAYING AHEAD IN AN EVOLVING LANDSCAPE

Your Company remained focused on its long-term growth agenda and was able to deliver excellent results across critical sectors of the economy in which we operate. I present below our performance in these sectors.

In the power sector, the Federal Government stayed committed to its resolve to address the systemic issues that continue to plague the sector and impede the ability of the generation companies (GENCOs) to deliver achieve their set objectives. A number of initiatives introduced in 2017 continued to impact positively on the sector during the 2018 financial year. These initiatives include the Nigeria Bulk Electricity Trading (NBET) Plc N701b Payment Assurance Plan (PAP), the Eligible Customer Regulation, Meter Asset Providers initiative, and remittance of portions of payments received from international customers to GENCOs in the same currency of payment.

The PAP which was initiated by the Federal Government as an intervention fund, significantly eased liquidity challenges facing the power sector. This fund guarantees payment of 80% of invoices submitted by GENCOs effective January 2017. Payments under PAP cover 90% of gas suppliers and transporters invoices, which are paid directly to them. Although PAP improved the liquidity situation in the sector, it did not address the huge outstanding payments due to GENCOs prior to its commencement, as well as the accumulating shortfall of 20% of GENCOs invoices from January 2017 till date. Consequently, your Company's subsidiary, Transcorp Power, still has significant receivables with NBET. Our

target is to fast track payment of our invoices so that all arrears are cleared. We will continue to engage with NBET and the Federal Government on the modalities for achieving this.

The improved payments to our gas suppliers via the PAP, the improvement in gas infrastructure and our tactical engagement with gas suppliers resulted in stability of gas supply to our plant during the year. This stability is reflected in the increase in our capacity utilisation. During the year under review, Transcorp Power was amongst the top ranked GENCOs in terms of average daily power generation and supply to the national grid.

To enhance your Company's profitability, Transcorp Power continues to explore the opportunities created by the Eligible Customer regime created by the Federal Government. Under the regime, GENCOs are allowed to sell power directly to certain end users who meet the criteria set out in the governing regulation. This is aimed at optimal utilization of stranded capacities which ironically abound in the sector. Transcorp Power is at advanced stage of engagements with identified potential eligible customers, and we believe that those transactions will be consummated in the months ahead.

It is important to state that resolution of the issues bogging the power sector such as non-utilization of load, inadequate transmission and distribution infrastructure, poor remittances by distribution companies and full payment of outstanding debts owed GENCOs, is a critical success factor for the sector. For a sector as critical as power, we remain resolute to contribute our quota towards a successful reset.

In the hospitality industry, Transcorp Hotels Plc maintained its history of profitability in 2018 as it posted a 33% growth in profit over that achieved in prior year. This result reflects the immense value placed on the hotel's best-in-class hospitality services by local and international guests.

Transcorp Hilton Abuja was once again acknowledged internationally as a world-class hospitality provider as the hotel was honoured with many awards during the year. These include five major awards from the "World Travel Awards", two major awards from the "Seven Stars Luxury Hospitality and Lifestyle Awards", one major award from the "World Luxury Hotel Awards" and two major awards from "World Luxury Restaurant Awards". The hotel also won the "Corporate Governance Awards" from the Institute of Directors, "Hospitality Brand of the Year Award" from New Telegraph as well as the "Pearl Awards for Sectorial Leadership" from the Nigerian Stock Exchange.

Transcorp Hotels Plc maintained its investment grade credit rating for the company and is issued bonds as two rating agencies affirmed the company's "stable" outlook.

Our second operating hotel, Transcorp Hotels Calabar, increased its profit before tax by 82% when compared to the prior year. The key driver of this remarkable performance was our strategy of increasing occupancy and proactive cost management, which allowed optimal headroom to adjust room rates in response to local competition.

HIGHLIGHTS OF 2018 FINANCIAL PERFORMANCE

- During the year under review, your Company recorded strong revenue and profit increase for the corporate centre and its consolidated subsidiaries ("the Group"). Highlights of the performance is as follows:
- Gross Earnings for the Group increased by 30% to N104.1 billion (2017: N80.3 billion). Gross earnings for the Company increased by 75% to N8.9 billion (2017: N5.1 billion);
- Operating Income for the Group grew by 40% to N34.6 billion (2017: N26.0 billion) while Operating Income for the Company grew by 85% to N7.6 billion (2017: N4.1 billion);
- Profit Before Tax (PBT) for the Group grew by 82% to N22.4 billion (2017: N12.3 billion) while PBT for the Company grew by 119% to N5.7 billion (2017: N2.6 billion);
- The Group's total assets grew by 4% to N297.1 billion from N285.5 billion in 2017. Similarly, the Company's total assets increased by 5% to N66.4 billion from N63.1 billion in 2017.

TOWARDS EXCELLENT EXECUTION IN 2019

Transcorp remains committed to the fulfilment of the purpose for which it was founded: Improving Lives, Transforming Nigeria. We believe that excellent execution of our strategic priorities will be critical in our success as a company and a Group and in our achievement of this purpose. Excellent execution will therefore remain our philosophy as we step into 2019 with the following agenda:

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our philosophy as we step into 2019 with the following agenda.

TRANSCORP POWER LIMITED

We closed the year 2018 with available capacity of over 600MW. In 2019, we plan to maintain the available capacity at this level. This will keep us on track to achieve our long-term target to be responsible for generation of 25% of Nigeria's power consumption needs. We will sustain our strategic partnership with the gas suppliers and other stakeholders in order to ensure adequacy of the quantity and quality of gas supply. We will equally continue our engagement with NBET and Federal Government in finding sustainable solutions that would result in full payment of the debt owed Transcorp Power by NBET.

TRANSCORP HOTELS PLC

The upgrade of Transcorp Hilton Abuja has been substantially completed. In 2019, we plan to optimize the benefits of these major improvements in our facilities to further strengthen our position as the leading luxury hotel in Nigeria and Africa. In addition, we will take advantage of the expected increased political activity in Nigeria to showcase our excellent hospitality credentials to the world, especially as we host many international stakeholders in the affairs of Nigeria.

We plan to keep Transcorp Hotels Calabar on the profitability through several initiatives around excellent service delivery and efficient cost management. This will enable the hotel maintain its competitive edge in its market.

TRANSCORP OPL 281

We have successfully obtained approval for extension of Phase 1 Exploration Period for OPL 281 under the Production Sharing Contract (PSC) entered into with NNPC for additional two years. This has given us additional time to fulfil our work commitments, including drilling of the appraisal wells, under the 1st Phase of the PSC.

The Board is working with Management to successfully optimize the opportunities presented to Transcorp by this oil and gas asset. We are positive that more aggressive engagements with investors, which we are committed to in 2019, would lead to effective execution of OPL 281 work obligations, as provided in the PSC.

BOARD CHANGES

As part of our efforts at building a world class organization and institutionalizing sound corporate governance, a number of changes took place on the board of your Company during the

year under review. Olorogun O'tega Emerhor and Adim Jibunoh retired from the board while Abdulquadir Jeli Bello, Kayode Fasola and Owen Omogiafo resigned their appointments. I must use this opportunity to, on behalf of the shareholders, Board and Management of Transcorp, thank all the directors that exited the board for one reason or the other for their invaluable contributions to the growth and development of the Company, part of which are reflected in the results being presented to you today. I wish them the best in their respective future endeavours.

To ensure that the board is better equipped and repositioned for the challenges ahead, a number of new directors were also appointed into the board. Valentine Ozigbo was appointed a Director and President/CEO, Christopher Ezeafulukwe was appointed an Executive Director while Toyin Sanni and Obi Ibekwe were appointed as Non-Executive Directors of your Company. These board appointments will be presented to you, distinguished shareholders, at today's Annual General Meeting for ratification.

APPRECIATION

As you can see from the performances being reported in this Annual Report, your Company's Board and Management are committedly working hard to ensure that we consolidate on the significant achievements recorded to date. As we face the challenges of the times ahead, I am convinced that our shared values of Enterprise, Excellence and Execution provide the surest route to achieving our 2019 aspirations.

I want to particularly appreciate you, our esteemed shareholders, for your invaluable support during the year under review. I count on your continued support in the years ahead as we continue the journey towards building a Transcorp of our dreams. Permit me to also use this opportunity to appreciate the hardworking employees of the Group for their unwavering commitment towards achieving our vision of creating sustainable value for our stakeholders.

Finally, let me also thank the Board of Directors and Executive Management for their phenomenal contributions towards the continued progress of our Company.

Thank you.

Tony O. Elumelu, CON
Chairman, Board of Directors

PRESIDENT/CEO'S REPORT



VALENTINE OZIGBO
President/CEO

THE MESSAGE

Distinguished Shareholders, Directors, Ladies and Gentlemen, I am pleased to welcome you to the 13th Annual General Meeting of your company, Transnational Corporation of Nigeria Plc ("Transcorp" or "the Company") and to present to you the financial and operating results of your company for the year ended 31 December 2018.

Economic and Sectoral Overview

Nigeria experienced a slow economic activity in 2018 resulting in a weakened pace of recovery when compared to 2017. Although oil price was higher for most part of the year, oil production fell, partly owing to pipeline closures in mid-2018. Activity in the non-oil sectors was dampened by weak consumer demand as well as escalation in farmer/herder's conflicts which disrupted agriculture and business activities.

The economy posted a GDP growth of 2% as at Q3 2018 which represents the same growth rate as at end of 2017.

Oil price was \$75.36 per barrel (Brent crude) as at Q3 2018 as against \$67.10 per barrel at the end of 2017. However, oil production also fell from 2.03 million barrels per day in 2017 to below 2 million barrels per day in the third quarter of 2018. The increase in oil price was driven by the production cap by OPEC while the decrease in output was attributable to oil pipeline closures.

The Central Bank of Nigeria continues its intervention in the FX market with the aim of maintaining stability in the system. Naira traded within a tight band throughout 2018 hovering around N359-N362/\$ in both the parallel and IEFX market.

The CBN also commenced the sale of Chinese yuan in the second half of 2018, following the currency swap agreement signed with the People's Bank of China. This is aimed at reducing the pressure on the domestic currency. The Federal Government continued the implementation of the N701b Payment Assurance Plan (PAP) facility. The PAP is for a two-year period, beginning in January 2017 and guarantees payment of 80% of invoices submitted by power generation companies (GENCOs) to Nigeria Bulk Electricity Trading Plc (NBET) inclusive of the amount received directly from the power distribution companies (DISCOs). 90% of the gas supplier's invoices, paid directly to gas suppliers, is also guaranteed under this fund. As at the time this report was prepared, Transcorp Power Limited (TPL) had received payments under the PAP for its invoices up to November 2018.

The PAP fund does not cover the existing liabilities of NBET to the GENCOs prior to January 2017. Engagement is on-going with the Federal Government on the modalities for the payment of this pre-2017 debt.

Operating Results and Financial Performance Review

Revenue

Gross earnings realised for the Group in 2018 was N104.1bn as opposed to N80.3bn in 2017. The growth of 30% was mainly due to increase in power generation by TPL.

Profit

Cost of sales ("COS") increased from N43.9bn in 2017 to N55.9bn in 2018 representing 27% year-on-year increase. This was due to increase in cost of gas for power generation. Gross profit for the Group was N48.3bn, an increase of 33% from N36.4bn posted in 2017. Group operating profit was N34.6bn, representing 33% growth over N26.0bn posted in 2017. This was driven by growth in revenue and continuous implementation of articulated cost management strategies across the Group. Profit before tax was N22.4bn in 2018 compared to N12.3bn achieved in 2017, representing 82% growth year on year. Profit after tax stood at N20.6bn compared N10.6bn of 2017, representing 94% growth year on year.

Assets

Total Assets for the Group stood at N297.1bn in 2018, compared to N285.5bn in 2017. Increase in property plant and equipment and trade and other receivables accounted for

growth in total assets. Trade and other receivables grew, following increase in underlying revenue for TPL. From the numbers reviewed above, it is evident that the Group delivered a strong result for the year, as supported by growth in revenue, gross margins, operating profit and profit after tax. The results reflect the strength of our business model and our ability to deliver significant value to our stakeholders. We will continuously strive to achieve our long-term targets in each of the sectors we operate.



A side view of the transmission lines from Transcorp Power plant.



KEY BUSINESS ACHIEVEMENTS IN 2018

HOSPITALITY

OPERATIONS

Transcorp Hilton Abuja maintained its leadership position in the hospitality industry and proved itself to be the answer to seekers of luxury hospitality in Africa. The hotel closed the year with occupancy rate of 67%, which was well ahead of competition. In validation of its position as the number one hub for business, leisure and relaxation of high profile guests in Nigeria, the hotel hosted a significant number of high-profile individuals. The hotel remains the first choice for visits of Royalty and is the meeting point for important national and regional conferences.

In 2018, Transcorp Hilton Abuja entered into a 2-year agreement with Play Network which includes the renovation and rebranding of Safari Night Club to "Play Night Club". This partnership has brought many A-Class Entertainers to perform at the Hotel. The turnaround initiatives for Transcorp Hotels Calabar continued to yield positive results as the hotel recorded 82% growth in profit before tax (PBT). The key driver of this remarkable performance was our strategy of increasing occupancy and proactive cost management, which allowed sufficient headroom to adjust room rates in response to local competition.

PROJECTS

Transcorp Hilton Abuja

The renovation of the iconic Transcorp Hilton Abuja is substantially completed; Guest rooms on Floors 2-10 have been completed; two of the three wings of floor 1 have been completed and returned to operation; and the meeting rooms on Floor 02 have been completed and returned to operation. The Hotel launched exciting new features including the grand Port Cochere (new entrance), 3 newly renovated gatehouses with state-of-the-art security equipment, modern landscaping, parking management system (paid parking), additional parking areas and Drivers Village. These renovations, the first of this scale in the 30-year history of the hotel, features improvements such as replacement of the 6 guest elevators, replacement of all Heating, Ventilation, and Air Conditioning (HVAC) systems, installation of all brand-new Furniture, Fixtures and Equipment (FF&E) and sanitary ware, replacement of all televisions and introduction of Internet Protocol Television (IPTV) etc. We have also installed state-of-the-art technology in the upgraded meeting rooms.

Transcorp Hotels Ikoyi

A major milestone in the realization of the Transcorp Hotels Ikoyi vision is the execution of the land swap deal with the Institute of Directors (IoD). We now

have a total land size of 11,563 sqm, having acquired adjacent properties which provides us with a better opportunity to develop the property. The proposed 5-star hotel will have 300 guest rooms with an optimized room mix matrix, as well as state of the art amenities including ballrooms, meeting spaces, fine dining, spa, and fitness facilities. There will also be an adjoining multi-use complex to be built adjacent to the hotel. This will house offices, apartments and other commercial spaces. The Company intends to complete Transcorp Hotels Ikoyi by 2023.

Transcorp Hotels Port Harcourt

Land acquisition and clearing of the property have been completed. Total land size is 12,550.7sqm but the project remains on hold while we prioritize the Transcorp Hilton Abuja Upgrade and the Transcorp Hotels Ikoyi projects to secure maximum return on investment.

AWARDS & RECOGNITION

Transcorp Hilton Abuja emerged as the proud recipient of five prestigious awards, including Africa's Leading Business Hotel, at the World Travel Awards. World Travel Awards is the ultimate hallmark of quality globally and seeks to acknowledge, reward and celebrate excellence in the sector.

Transcorp Hotels Plc (THP) also received accolades in recognition of its strong corporate governance footprints and

sturdy performance at the Nigerian Stock Exchange. These awards include the Sectorial Leadership Awards at the PEARL Awards and the Corporate Governance Awards at the IoD Annual Directors' Award.

Other awards won by THP in 2018 include two major awards from the Seven Stars Luxury Hospitality and Lifestyle Awards, one award from the World Luxury Hotel Awards, two awards from World Luxury Restaurant Awards, "Corporate Governance Awards" from IoD and "Hospitality Brand of the Year Award" from New Telegraph.

Transcorp Hotels Plc maintained its investment grade credit rating for the Company and for the Bonds as the two rating agencies (GCR and Augusto & Co.) affirmed its "Stable" outlook.

POWER

We continue our proactive maintenance program for our power generation assets and our tactical engagement with relevant stakeholders. We maintained an available generation capacity of over 600MW during the year and plan to maintain same for year 2019. This will put us in a position to realize our long-term target to be responsible for generating 25% of the power consumed in Nigeria.

The 5-year period given to the Gencos to meet their respective minimum generation targets lapsed in 2018. Transcorp Power surpassed its generation target of 670MW well before the 5-year timeline. The Bureau of Public Enterprise (BPE) carried out a capacity test which confirmed the feat (680MW) achieved by TPL, thereby qualifying Transcorp Power to be delisted from companies that will continue to be subjected to post privatisation monitoring by BPE. The delisting process is on-going.

We continued to engage with NCC in order to maintain optimal load on our generating turbines. We equally improved on the valuable relationship built with our gas suppliers in order to ensure relative stability in gas supply. We see gas as the most critical input for our power generation operations and as such continue to explore new sources of gas supply beyond existing arrangements. In the medium term, we see a strategic fit with our oil block asset, OPL 281 which initial studies revealed to be a gas-rich block and is located 25 kilometers to the power plant. We are also engaging with gas producers, who have abandoned gas fields near the plant to seek partnership for exploitation of same to our benefit.

OIL AND GAS

We continued our forward push towards developing OPL 281 oil block and fulfilling our work obligations under the Production Sharing Contract (PSC) entered with Nigerian National Petroleum Corporation (NNPC). This was further enhanced by NNPC's extension of Phase 1 of the Exploration Period by two years. The extension has given us additional time to complete our work commitments under that phase, and ultimately deliver on our work obligations under the PSC. This is critical to achieving our key objective of discovering hydrocarbons in commercial quantity, and the resultant conversion of the oil prospecting license to an oil mining lease (OML).

During the year under review, we also held significant engagements with potential technical partners on creating a synergy for extracting maximum value from our OPL 281 asset. We are positive that a stronger partnership would emerge towards the successful development of OPL 281 oil block.

2019 OUTLOOK

As we face uncertain economic and political events in 2019, achieving excellence in the execution of our identified strategic imperatives remains critical to our success as an organisation. This will properly position us for any opportunities and adequately insulate us from any challenges within our operating environment. We remain resolute in executing all our under-listed strategic priorities.

- Maintain effective occupancy rate of 69% of available stock of rooms.
- Conclusion of remaining upgrade projects at Transcorp Hilton Abuja to reinforce our market leadership with a potential to deliver higher occupancy at appropriate rates.
- Continue to push the expansion agenda in developing the Ikoyi & Port Harcourt properties into hotels.
- Continue the turnaround initiatives to maintain the profitability track for Transcorp Hotels Calabar.
- Conclude discussions on direct power sales to eligible customers. We have signed MOUs with some eligible customers, and we intend to progress these into executed contracts in 2019.
- Conclude our engagement with NBET and Federal Government on the payment of legacy debt owed to Transcorp Power Limited.

CONCLUSION

As we move to 2019, we remain committed to our objective of creating and sustaining value for all stakeholders and of positioning Transcorp as a Pan African conglomerate institution. We will continue to focus on excellent execution of our strategies, leveraging on our best in class corporate governance practice and sheer hard work of our staff.

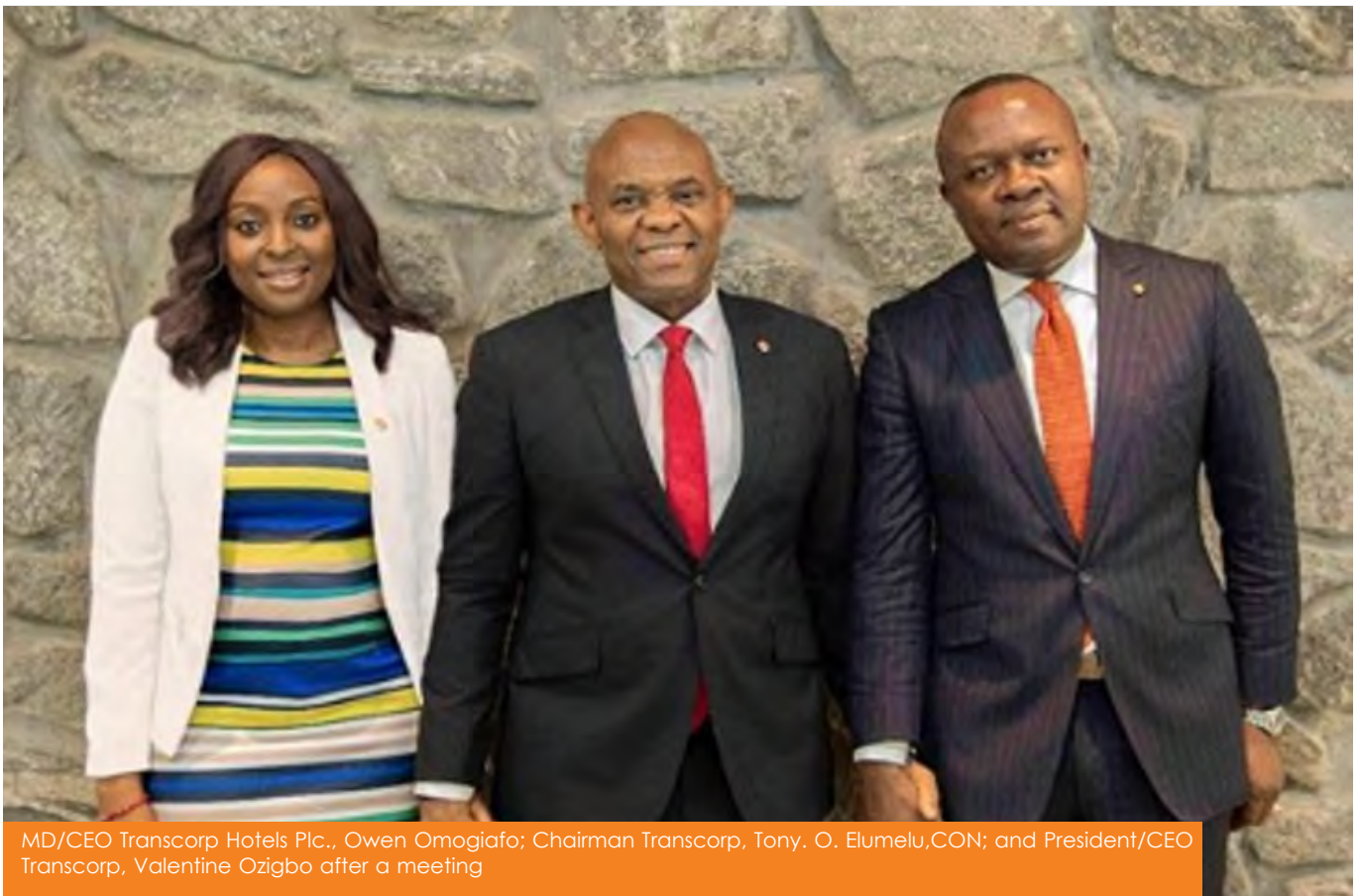
I would like to thank our shareholders for their unwavering support to the Board and Management of the Company. I assure you that we will continue to strive relentlessly to ensure more successful performances by the Company. Also, I will seize this opportunity to thank the entire management team and all staff of Transcorp for their dedication, hard work and loyalty. Finally, I thank the Chairman and all Board members for their exemplary leadership, guidance and ever-reliable support.

Thank you.

Valentine Ozigbo
President/CEO



Chairman, Transcorp, Tony. O. Elumelu, CON; President/ CEO, Hilton Worldwide, Chris Nassetta and President/ CEO, Transcorp, Valentine Ozigbo pose for a photograph after a meeting at Heirs Holdings.



MD/CEO Transcorp Hotels Plc., Owen Omogiafo; Chairman Transcorp, Tony. O. Elumelu, CON; and President/CEO Transcorp, Valentine Ozigbo after a meeting



Executive Director, Transcorp, Chris Ezeafulukwe; President & CEO, Transcorp, Valentine Ozigbo; MD/CEO of Transcorp Hotels Plc., Owen Omogiafo and the Chairman, Transcorp Hotels Plc. Emmanuel Nnorom at the event held in honour of Valentine Ozigbo and Owen Omogiafo



President/ CEO of Transcorp, Valentine Ozigbo; Past President, Institute of Directors, Chief (Mrs) Fadayomi, President, Institute of Directors, Alhaji Ahmed Rufai Mohammed, F.IoD, and Managing Director, Transcorp Hotels Plc, Owen Omogiafo; at the conclusion of the land swap deal expanding the prospective Transcorp Hotels Ikoyi premises.



From left, Former President/CEO, Transcorp, Adim Jibunoh; Chairman, Transcorp, Tony. O. Elumelu, CON; and President/CEO Transcorp, Valentine Ozigbo receiving the Transcorp emblem of authority at the farewell party held in honour of Adim Jibunoh



Executive Director, Transcorp, Chris Ezeafulukwe and the Chief Financial Officer, Transcorp Power Limited, Ejike Alumona pose for a picture with members of the House of Representatives Committee on Power after their tour of the Transcorp Power Facility in Ughelli



A meeting with delegates from the US Consulate General on charting a sustainable course in the Nigerian power sector.



03

GOVERNANCE

CORPORATE GOVERNANCE REPORT

At Transnational Corporation of Nigeria Plc ("Transcorp" or "the Company"), we have gone beyond the creation and delivery of long-term value to our stakeholders. We focus more on the long-term sustainability of value creation in a manner consistent with our values – Excellence, Enterprise and Execution. We understand that such sustainability can only be possible with good corporate governance practices, hence our commitment to the highest standards of Corporate Governance.

1 Overview

During the year ended 31 December 2018, Transcorp complied with the provisions of the Code of Corporate Governance issued by the Securities & Exchange Commission (SEC) and all laws regulating corporate governance. This is in line with our conviction that corporate governance practices should be a proactive and self-propagated practice that will enhance performance and uphold the Company's brand equity, rather than a knee-jerk response to regulatory sanctions and impositions. Consequently, we have continued to work proactively and relentlessly towards improving not only the Group's financial performance but also the self-induced good corporate governance practices. In realizing these objectives, the Board is effectively supported by its committees namely, The Board Audit & Governance Committee (BAGC) and Finance & Investment Committee (FIC). This is in addition to the Executive Management Committee (EMC) put in place to ensure efficient execution of the directives of the Board.

Our corporate governance policies approved by the Board of Directors remained operational throughout the period under review. These are:

- **Group Policy Governance Framework**
This framework explains the governance laws applicable to the Company's businesses. It provides for policy development and application, policy classification, review and revision as well as policy deviations and guiding templates.
- **Board Governance and Board Committees Governance Charter**; This charter provides the governance framework for the Group Board and Board Committees. The framework promotes effective governance of the Group.
- **Executive Management Charter**
This charter provides for the Executive Management Committee (EMC) of the Company – its composition, role, terms of reference, proceedings and general governance framework.
- **Subsidiary Governance Charter**
The Subsidiary Governance Charter provides for Group subsidiary governance, subsidiary boards of directors, subsidiary governance structure, subsidiary board committees, executive management and organization structure.

2 Board of Directors

2.1 General

The Board of Directors consists of seven (7) members made up of two (2) Executive Directors (the CEO and the Executive Director) and five (5) Non-executive Directors one of whom is an independent Director. In accordance with the provisions of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 (CAMA) and the Board Governance Charter of the Company, the Chairman of the Board of Directors presides over Board proceedings. The Board meets at least four times in a year and year 2018 was no exception. The details of Directors' attendance at Board meetings are disclosed on page 33 of the Annual Report. The Board establishes formal delegations of authority, defining the limits of Management's power and authority and delegating to Management certain powers to run the day-to-day operations of the Company. The delegation of authority conforms to statutory limitations specifying responsibilities of the Board that cannot be delegated to Management. Any responsibility not delegated remains with the Board and its committees. The Company has continued to benefit tremendously from the wealth of experience of its Directors, all successful individuals who have distinguished themselves in their chosen fields.

Board Induction and Training

All Directors were appointed after nomination and recommendation of the Board Audit and Governance Committee in accordance with the Board and Board Committees Governance Charter. The Company has in place a formal Directors Induction Plan & Procedure. Newly appointed Directors undergo induction program to become knowledgeable about the business, its governance structure; its key officers; its subsidiaries' businesses, facilities and operational procedures. They are also trained along with other Board members Groupwide.

2.2 Membership and Changes on the Board

During the year under review, some changes occurred in the composition of the Board of the Company. Mrs. Owen Omogiafo and Mr. Christopher Ezeafulukwe were appointed Executive Directors of the Company, Mr. Kayode Fasola and Alhaji Abdulqadir Jeli Bello resigned from the Board as a non-executive Directors of the Company and Ms. Obi Ibekwe and Mrs. Toyin Sanni were appointed non-executive directors of the Company. Finally, Mr. Adim Jibunoh and Mrs. Owen Omogiafo resigned as President/CEO and Executive Director of the Company respectively and Mr. Valentine Ozigbo was appointed as the President/CEO of the Company.

Consequently, the Board of Directors of the Company comprised the following in the course of the year 2018:

S/N	DIRECTOR	POSITION	DATE APPOINTED TO THE BOARD	DATE(S) RE-APPOINTED/ RE-ELECTED	DATE OF RESIGNATIONS / RETIREMENT
1	Mr. Tony Elumelu	Chairman	14 April, 2011	21 June, 2013, 29 April 2016	N/A
2	Mr. Adim Jibunoh	President/CEO	1 June, 2017	N/A	31 December, 2018
3	Mr. Emmanuel N. Nnorom	Non-executive Director	16 December, 2013 1 June 2017	NIL	N/A
4	Olorogun O'tega Emerhor, OON	Non-executive Director	30 August, 2007	31 March, 2014, 29 March, 2017	30 April, 2018
5	Dr. Stanley Lawson	Non-executive Director	19 September, 2011	21 June, 2013, 8 May 2015, 30 April 2018	N/A
6	Mr. Kayode Fasola	Non-executive Director	16 December, 2009	8 May 2015, 30 April 2018	31 October, 2018
7	Alhaji Abdulqadir Jeli Bello	Non-executive Director	1 April, 2014	29 March, 2017	31 October, 2018
8	Mrs. Owen Omogiafo	Executive Director	1 July, 2018	N/A	31 December, 2018
9	Mr. Christopher Ezeafulukwe	Executive Director	1 July, 2018	N/A	N/A
10	Ms. Obi Ibekwe	Non-executive Director	30 October, 2018	NIL	N/A
11	Mrs. Toyin Sanni	Non-executive Director	30 October, 2018	NIL	N/A
12	Mr. Valentine Ozigbo	President/CEO	1 January, 2019	N/A	N/A

2.3 Board Meeting Attendance

S/N	DIRECTOR	TOTAL NO. OF MEETINGS OBLIGED TO ATTEND	TOTAL NO. OF MEETINGS ATTENDED	DATES OF MEETINGS ATTENDED
1	Mr. Tony Elumelu	6	6	19 February 2018, 27 April 2018, 12 July 2018, 31 October 2018, 30 November 2018, 17 December 2018
2	Mr. Adim Jibunoh	6	5	19 February 2018, 27 April 2018, 12 July 2018, 31 October 2018, 30 November 2018
3	Mr. Emmanuel N. Nnorom	6	6	19 February 2018, 27 April 2018, 12 July 2018, 31 October 2018, 30 November 2018, 17 December 2018
4	Olorogun O'tega Emerhor, OON	2	2	19 February 2018, 27 April 2018
5	Dr. Stanley Lawson	6	5	19 February 2018, 27 April 2018, 12 July 2018, 31 October 2018, 30 November 2018
6	Mr. Kayode Fasola	4	4	19 February 2018, 27 April 2018, 12 July 2018, 31 October 2018
7	Alhaji Abdulqadir Jeli Bello	4	4	19 February 2018, 27 April 2018, 12 July 2018, 31 October 2018
8	Mrs. Owen Omogiafo	4	4	12 July 2018, 31 October 2018, 30 November 2018, 17 December 2018
9	Mr. Christopher Ezeafulukwe	4	4	12 July 2018, 31 October 2018, 30 November 2018, 17 December 2018
10	Ms. Obi Ibekwe	3	3	31 October 2018, 30 November 2018, 17 December 2018
11	Mrs. Toyin Sanni	3	3	31 October 2018, 30 November 2018, 17 December 2018

N/A means "Not applicable".

During the year under review, the BAGC met four (4) times. The table below shows the frequency of meetings of BAGC and members' attendance:

3 Board Committees & Executive Management Committee

3.1 Board Audit & Governance Committee

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

- Establish procedures for the nomination of Directors.
- Advise and recommend to the Board the composition of the Board.
- Approve recruitments, promotions, redeployments and disengagements for the Company/Group heads of departments that make up the Executive Management Committee
- Review and evaluate the skills of members of the Board.
- Recommend to the Board compensation for all staff of the Company and subsidiary Boards.
- Advise the Board on corporate governance standards and policies.
- Review and approve all human resources and governance policies for the Group.
- Review and recommend to the Board and Shareholders any changes to the memorandum and articles of association.
- Evaluate and appraise the performance of the Board and Board Committees and its members annually in conjunction with consultants.
- Any other function assigned to it by the Board including Audit and Regulatory Compliance.

During the year, the Committee, amongst other things, continued to work in line with its mandate and made recommendations to the Board on the matters stated above and other issues delegated to it by the Board. The Committee comprises the following:

1. Mr. Kayode Fasola	-	Chairman
2. Mr. Emmanuel N. Nnorom	-	Member
3. Alhaji Abdulqadir Jeli Bello	-	Member
4. Dr. Stanley Lawson	-	Member

Written reports of the Committee's meetings, decisions made, and its recommendations are presented to the full Board at quarterly Board meetings.

S/N	DIRECTOR	TOTAL NO. OF MEETINGS OBLIGED TO ATTEND	TOTAL NO. OF MEETINGS ATTENDED	DATES OF MEETINGS ATTENDED (DD/MM/YY)
1	Mr. Emmanuel N. Nnorom	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018
2	Dr. Stanley Lawson	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018
3	Mr. Kayode Fasola	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018
4	Alhaji Abdulqadir Jeli Bello	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018

Each BAGC meeting was attended by the Head, Internal Audit.

Following the resignation of the Chairman of the Committee (Mr. Kayode Fasola) in October 2018, Dr. Stanley Lawson was appointed Chairman of the BAGC while Alhaji Abdulqadir Jeli Bello was replaced by Ms. Obi Ibekwe.

3.2 Finance and Investment Committee

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

- Discharge the Board's responsibilities with regard to strategic direction and budgeting.
- Provide oversight on financial matters and the performance of the Group.
- Review and recommend investment opportunities or initiatives to the Board for decision.
- Recommend financial and investment decisions within its approved limits.
- Assist the Board in fulfilling its oversight responsibilities with regard to audit and control.
- Ensure that effective system of financial and internal control is in place.
- Monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of the Group.
- Monitor and evaluate on a regular basis, the qualifications, independence and performance of external and internal auditors and the financial control departments.

During the year, the Committee amongst other things, reviewed the Company's process of accepting credit facilities from financial institutions, quarterly financial statements, tax related matters, funding requirements of operating businesses, budgets, earnings forecasts, risk management reports, progress on key investments, and more. The Committee took certain decisions on the above-mentioned matters and made recommendations to the Board for approval.

The Committee comprises:

1.	Alhaji Abdulqadir Jeli Bello	-	Chairman
2.	Mr. Adim Jibunoh	-	Member
3.	Mr. Emmanuel N. Nnorom	-	Member
4.	Mr. Kayode Fasola	-	Member
5.	Mrs. Owen Omogiafo	-	Member
6.	Mr. Chris Ezeafulukwe	-	Member

During the year under review, the FIC met four (4) times. The table below shows the frequency of meetings of FIC and members' attendance:

S/N	DIRECTOR	TOTAL NO. OF MEETINGS OBLIGED TO ATTEND	TOTAL NO. OF MEETINGS ATTENDED	DATES OF MEETINGS ATTENDED
1	Alhaji Abdulqadir Jeli Bello	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018
2	Mr. Adim Jibunoh	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018
3	Mr. Emmanuel Nnorom	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018
4	Mr. Kayode Fasola	4	4	18 February 2018, 26 April 2018, 11 July 2018, 30 October 2018
5	Mrs. Owen Omogiafo	1	1	30 October 2018
6	Mr. Chris Ezeafulukwe	1	1	30 October 2018

Mrs. Owen Omogiafo was appointed as a member of the FIC on 12th July 2018

Mr. Chris Ezeafulukwe was appointed as a member of the FIC on 12th July 2018

Mr. Kayode Fasola resigned as a director of the Company on 31 October 2018 and Ms. Obi Ibekwe was appointed as a member of the BAGC on 31 October 2018.

Alhaji Abdulqadir Jeli Bello resigned as a director of the company on 31 October 2018.

Each FIC meeting was attended by the Group CFO who presented the Financial reports and risk management reports.

Following the resignation of the FIC Chairman (Alhaji Abdulqadir Jeli Bello) in October 2018, Mr. Emmanuel Nnorom was appointed Chairman of the FIC.

3.3 The Statutory Audit Committee

The Statutory Audit Committee (SAC) is broadly empowered to, amongst other things; review the Group's financial reporting process, its system of audit, internal control and management of financial risk with a view to ensuring compliance with statutory, regulatory and professional requirements. The Committee, which also reviews the performance of external auditors to the Company, is chaired by a shareholder and has two other shareholders and three directors as members. In addition to the powers conferred on it by CAMA, the Committee is empowered to engage the services of independent consultants in the discharge of its duties. The Committee comprises:

- | | | |
|---------------------------------|---|---------------------------------------|
| 1. Mr. John Isesele | - | Chairman (Shareholder representative) |
| 2. Mr. Mathew Esonanjour | - | Member (Shareholder representative) |
| 3. Alhaji Abu Jimah | - | Member (Shareholder representative) |
| 4. Mr. Kayode Fasola | - | Member (Director representative) |
| 5. Dr. Stanley Lawson | - | Member (Director representative) |
| 6. Alhaji Abdulqadir Jeli Bello | - | Member (Director representative) |

Following the resignations of Mr. Kayode Fasola and Alhaji Abdulqadir Jeli Bello from the Board in October 2018, Mrs. Toyin Sanni and Ms. Obi Ibekwe were appointed to replace them as the Board representative on the SAC.

During the year under review, the SAC met four (4) times. The table below shows the frequency of meetings of the SAC and members' attendance.



Mr. John Isesele
Chairman, Shareholders' Representative



Mr Mathew Esonanjour
Member, Shareholders' Representative



Alhaji Abu Jimoh
Member, Shareholders' Representative



Ms. Obi Ibekwe
Member, Board Representative



Mrs. Toyin Sanni
Member, Board Representative



Dr. Stanley Lawson
Member, Board Representative

S/N	MEMBERS	TOTAL NO. OF MEETINGS OBLIGED TO ATTEND	TOTAL NO. OF MEETINGS ATTENDED	DATES OF MEETINGS ATTENDED
01	Mr. John Isesele	4	4	19 February 2018, 27 April 2018, 11 July 2018, 30 October 2018
02	Mr. Matthew Esonanjour	4	4	19 February 2018, 27 April 2018, 11 July 2018, 30 October 2018
03	Alhaji Abu Jimah	4	4	19 February 2018, 27 April 2018, 11 July 2018, 30 October 2018
04	Mr. Kayode Fasola	4	4	19 February 2018, 27 April 2018, 11 July 2018, 30 October 2018
05	Dr. Stanley Lawson	4	4	19 February 2018, 27 April 2018, 11 July 2018, 30 October 2018
06	Alhaji Abdulqadir Jeli Bello	4	4	19 February 2018, 27 April 2018, 11 July 2018, 30 October 2018

3.4 Executive Management Committee (formerly Executive Management Team)

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

- Articulating the strategy of the Group and recommending same to the Board for approval.
- Discussing strategic matters and their impact on the Group's investment portfolio.
- Articulating the manner through which investment sectors/new business areas and geographies will be chosen and making recommendations to the Board in that regard.
- Recommending to the Board the framework or policy for investment; and monitoring the implementation of investment procedures.
- In line with Board approvals, outlining of philosophy, policy, objectives and resultant tasks to be accomplished
- Recommending to the Board, structures and systems through which activities are arranged, defined and coordinated in terms of specific objectives.
- Preparation of annual financial plans for the approval of the Board and ensuring the achievement of set objectives.
- Reviewing and approval of the structure and framework for performance reporting of subsidiary companies.

The Executive Management Committee comprises:

- President/CEO
- Executive Director
- Chief Financial Officer
- Group Company Secretary
- Director of Resources
- Head, Internal Audit & Compliance
- CEOs of Subsidiaries

The EMC meets fortnightly to consider operational matters and the President/CEO is the Head of the EMC. The Committee is responsible for management of the Group's businesses.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Transnational Corporation of Nigeria Plc ("the Company") together with the audited financial statements for the year ended 31 December 2018, to the members of the Company. This report discloses the state of the Company and the Group.

1. LEGAL FORM

The Company was incorporated on 16 November 2004 as a public limited liability company domiciled in Nigeria in accordance with the requirements of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004. Following a successful initial public offer (IPO), the Company was listed on the Nigerian Stock Exchange in November 2006. 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 Plc
- Transcorp Power Limited
- Transcorp Hotels Calabar Limited
- Transcorp Energy Limited
- Transcorp OPL 281 Nigeria Limited
- Teragro Commodities Limited
- Capital Leisure and Hospitality Limited
- Transcorp Properties Limited
- Transcorp Hotels Ikoyi Limited
- Transcorp Hotels Port Harcourt Limited

2. PRINCIPAL ACTIVITIES

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

3. RESULTS

The Company and Group's detailed results for the year ended 31 December 2018 are set out on page of this report.

4. DIRECTORS' SHAREHOLDING AND THEIR INTERESTS

The Directors' direct and indirect interests in the shares of the Company as at 31 December 2018, were as follows:

S/N	NAMES OF DIRECTORS	DIRECT	INDIRECT	TOTAL NO. OF SHARES HELD
1	Mr. Tony Elumelu, CON	273,104,041	569,528,915	840,632,956
2	Mr Emmanuel N. Nnorom	Nil	11,403,487	11,403,487
3	Mr. Valentine Ozigbo	10,859,126	Nil	10,859,126
4	Dr. Stanley Inye Lawson	122,790,102	Nil	122,790,102
5	Mrs. Toyin Sanni	31,506	Nil	31,506
6	Ms. Obi Ibekwe	Nil	Nil	Nil
7	Mrs. Owen Diana Omogiafo	7,634,188	Nil	7,634,188
8	Mr. Christopher Ezeafulukwe	5,000,000	Nil	5,000,000

5. DIVIDEND

The Directors recommend a final dividend of N1,219,439,709 or N0.03 kobo per share of the outstanding ordinary shares of 40,647,990,293 to be paid to share holders of the Company for the period ended December 31, 2018.

6. DIRECTORS' INTERESTS IN CONTRACTS

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

7. ALTERNATE DIRECTORSHIP

There was no alternate directorship during the year under review.

8. SHAREHOLDING ANALYSIS & SHAREHOLDER STRUCTURE

The shareholding analysis and structure of the Company as at 31 December 2018 were as follows:

Range	No. of Holders	Holders %	Units	Unit %
1 - 999	4,559	1.61	1,754,529	0.00
1,000 - 9,999	210,595	74.49	535,893,658	1.32
10,000 - 99,999	55,795	19.73	1,324,886,381	3.26
100,000 - 999,999	10,034	3.55	2,506,253,486	6.17
1,000,000 - 9,999,999	1,554	0.55	3,423,881,934	8.42
10,000,000 - 99,999,999	141	0.05	3,469,682,305	8.54
100,000,000 - 999,999,999	44	0.02	11,891,341,157	29.25
Above 1,000,000,000	10	0.00	17,494,296,842	43.04
Total	282,732	100	40,647,990,292	100

HOLDER TYPE	HOLDER COUNT	HOLDINGS
Individual	278,690	16,536,044,472
Government	17	2,839,148
Corporate	2,955	22,878,843,957
Pension	5	1,098,095,912
Joint	1,060	59,174,892
Foreign	5	72,991,911
Total	282,732	40,647,990,292

9. SUBSTANTIAL INTEREST IN SHARES

As at 31 December 2018, only UBA Nominees Limited, held 5% or more of the issued share capital of the Company.

10. PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in the fixed assets of the Company is given in Note 18 to the financial statements.

11. STATEMENT ON RISK MANAGEMENT POLICY & PRACTICES

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

It covers the Framework principles such as Risk Management Objectives, Risk Management Strategies, Risk Management Philosophy and Culture, Risk Appetite and Risk Oversight as well as the processes including Risk Identification, Analysis, Management, Monitoring, Reporting and Communication. The Board sets the tone for risk management by setting the risk appetite for each business and risk identified. Management dimensions the risks following a quarterly risk assessment. The FIC has oversight for risk management. The risk report is presented quarterly at each FIC meeting and key risks noted are escalated to the Board with recommendations from the FIC.

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

12. PROHIBITION OF INSIDER TRADING – CODE OF CONDUCT FOR DIRECTORS & STAFF

The Company has a Code of Conduct which guides all Board, Staff, Contractors, Suppliers, Consultants and business partners in areas of Health and Safety, Anti - bribery, ethical behaviour, Money laundering, Securities Trading Policy, Insiders dealings, Discrimination, Drugs, Alcohol and Substance abuse or trafficking, Conflict of Interest disclosures, Anti-Trust, Relationships with Customers, Information Security Management and more. Each staff and Director is made to sign an undertaking to abide by the Company's Code of Conduct.

13. COMPLAINT MANAGEMENT PROCEDURE

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

By Order of the Board



Helen Iwuchukwu
Group Company Secretary
FRC No. FRC/2015/NBA/00000012716
15 February 2019

SUSTAINABILITY REPORT

SUSTAINING GROWTH AND STAKEHOLDER VALUE

In the past year, Transcorp has noted continued alignment with our daily business actions and our strategic sustainability objectives and commitments.

As a leading diversified conglomerate, that is sensitive to the increasing importance of sustainability to our clients and to the general society, irrespective of the numerous challenges we face within our operating environment, sustainability is ingrained in every action we take across our businesses. We put the health and safety of our people first, we invest in our host communities, and we work towards better environmental outcomes in the areas where we operate. This we ensure while being mindful of the global market forces which require businesses to balance environmental and societal responsibilities with the inevitable tension of meeting shareholder/stakeholder and commercial obligations.

In 2018, Transcorp ensured a steady linkage between its financial performance and brand image, sound corporate governance, product and service excellence, productive workforce, environmental stewardship and social responsibility. We sustained this commitment by driving our established sustainability strategy through established interdependent areas in line with our sustainability policy as follows:



STAKEHOLDER ENGAGEMENT

In Transcorp, we understand that the desire to create sustainable value for our stakeholders in our chosen markets demands constructive, meaningful and proactive engagement with our diverse stakeholders; as positive outcomes or conclusions cannot be achieved without the adequate establishment of a two-way dialogue system. Stakeholder engagement has continued to contribute to our ongoing learning and improvement. It serves as an enabler in the identification and creation of commercial opportunities including the identification and appraisal of risks. It also provides us with the opportunity for timely remediation of grievances among our stakeholders. Various media platforms have been deployed to ensure effective and efficient communication channels are available to our stakeholders. This approach ensures that investors or stakeholders' needs and concerns are received, understood and addressed in a timely manner. Some of these media platforms currently in use include:

- Investors' Conference:
The Group's performance is discussed with institutional shareholders in periodic meetings and forums.
- Annual General Meetings:
Forums for discussions pertaining to our business and its performance over the period are also held with our shareholders annually.
- NSE Portal:
The Company uses this medium to ensure corporate disclosures are made to stakeholders and the general public.

- Email and Website:

Stakeholder enquiries and feedback can be achieved through the “contact us” portal on the Company’s website: <https://transcorpigeria.com/contact-us> by subscribing to our newsletter or getting in touch through our dedicated email: info@transcorpigeria.com

- Social Media:

Our social media platforms which are ever active and expanding; include Facebook, Twitter, Instagram and LinkedIn.



CORPORATE GOVERNANCE

Transcorp is conscious that in building a successful business underpinned by execution, enterprise and excellence, there must be efficient use of our human, social and capital resources overarched with a practical approach to corporate governance to create sustainable wealth. At Transcorp, we are committed to a system of checks and balances across board and at all levels involving the Board, Management and external stakeholders. This is aimed at creating an efficiently functioning organization geared towards delivering long-term value. We recognise that institutionalizing good corporate culture and ethics, through policies and the tone set by the Board contributes to our performance and safeguard our reputation, which is why we are committed to observing applicable laws and regulations and continue to invest in making our programme more engaging and efficient. To ensure our continued commitment to good governance practices, Transcorp has instituted various policies, procedures and avenues to enable staff and other stakeholders report any unethical activity affecting it. These policies include:

- Enterprise Risk Management:

This framework is dedicated to the identification, assessment, treatment and monitoring of risks across the Group.

- Code of Conduct:

The policy document clearly elucidates the Group’s values, provides guidance on ethical issues and fosters a culture of honesty and accountability. This policy also spells out the Group’s position on bribery/corruption, conflict of interests and money laundering matters.

- Sustainability

This framework provides a frame of reference on how to deal with business opportunities and is dedicated to supporting the sustainable development of the Group, its subsidiaries and the community where we operate.

- Complaints Management

Stakeholders can also access the Complaint Management Procedure alongside the Group’s Whistle blowing policy on the Company’s website.



ETHICS AND WHISTLEBLOWING

Transcorp encourages the culture of whistleblowing with a dedicated process for reporting suspected violations of the Group’s policies or national laws and regulations. The Whistleblowing policy has been placed on the Company’s website. Whistle blowers can confidentially report concerns, suspected violations of either the Companies’ policies or national laws and regulations via our dedicated telephone and email channels. They can also report anonymously and are protected from discrimination or

retaliation. Details of the whistle blowing channels are:

Telephone: 0803 450 3688

Email: whistleblower@transcorpigeria.com

Whistle blowers are protected from discrimination, or retaliation and can confidently report concerns, suspected violations of either the Company’s policies or national laws and regulations. The reports can also be made anonymously.



EMPLOYEES

Our people remain at the centre of everything we do as they are critical to the achievement of our strategic objectives and overall success as a business. Transcorp consults with staff on matters affecting their well-being and places a high priority on its employee development and overall welfare. Current and prospective employees are treated equally regardless of their gender, age, colour, family status, ethnic, nationality, race, religious belief, physical or mental disabilities. The Group operates a non-discriminatory policy in the consideration of job applications for employment including applications submitted by physically challenged persons. The policy prohibits discrimination against such persons in the recruitment,

training and career development of its employees.

- Training Initiatives and Development:

Transcorp entrenches the culture of employee participation in decision making especially in matters relating to their wellbeing through various fora such as Town Hall meetings, TGIFs, Team Bonding, surveys, open office workshops and other training initiatives. The Company understands the value of continuous development of its employees, hence, formal and informal training programmes are carried out at various levels, group-wide, through in-house, local and international courses annually.



VENDORS AND SUPPLIERS

Across the group, Transcorp maintains an inclusive and robust procurement policy that not only boosts our corporate responsibility, through continuous interaction with our contractors, but also assists them in improving their standards of service and quality of delivery. Purchasing decisions are based upon competitive bidding, following a transparent and auditable vendor selection and management process to ensure they are made in a fair and impartial manner.



SAFETY, HEALTH AND ENVIRONMENT

As Nigeria's leading conglomerate, we maintain business premises and work environments across the Group that guarantee the safety and health of our employees and other stakeholders. In addition to the strategic deployment of fire prevention, emergency alarms and firefighting equipment across our various business premises and locations, biannual equipment inspection, assessment and certifications are also carried out with the performance of periodic fire drills to boost overall awareness. In 2018, Transcorp Power Limited, surpassed its prior year achievement by attaining a 24% increase in man-hours without accidents at its plant. To sustain this health and safety culture, Transcorp has instituted several training programmes, workshops and enlightenment programmes designed to equip employees with basic health management tips, First Aid, fire prevention and other occupational safety skills. Specifically, a Health and Safety (HSE) induction process, with detailed training on health and safety procedures, is also carried out for new employees, out-sourced officers, contractors, and visitors prior to them gaining access to the plant premises. Other initiatives and practices which have been established and sustained include the Lock Out and Tag Out (LOTO), Permit-to- Work, Toolbox talks, Confined space, weekly and monthly safety meetings. The Company, in partnership with the Nigerian Police, Nigerian Army, Department of State Services & National Security and Civil Defense Corps, ensures proper security coverage of the power plant and residential quarters. The Company issues high value and best industry personal protective equipment (PPE), conducting training on usage and annual replacement of personnel PPEs. To ensure food is fit for consumption and to avoid cases of our employees suffering from food poisoning, we conduct food handlers test on all kitchen staff. Transcorp also sustained its health drive in conjunction with Avon Medicals by carrying out its annual wellness check for all its employees including the annual audiometric test for all employees in the power generation business inclined to work near the turbine floor. This activity is aimed at promoting healthy behaviour in and out of the workplace and at preventing or timely detecting any health-related concerns which might arise.



PRESERVING THE ENVIRONMENT

Reducing our environmental impact and continually improving our environmental performance is an integral and fundamental part of our business strategy here at Transcorp. In our drive to positively contribute to the quality of the environment where we live and work, Transcorp and its subsidiary companies embarked on the following environmentally friendly initiatives:

- Waste Resource Management

Through our hotel business, we have partnered with Chanja Datti a social enterprise that collects waste plastic and other recyclables like papers, glass bottles and supply to recyclers for use in the manufacture of other products. Our support was provided through the following channels: » Donation of a fire truck in May 2018 which has so far been used to collect and move over 3 tons of waste.

» Embedding 3 waste collectors in the hotel who sort all recyclables from waste generated.

» Building a work shed for the workers responsible for removing labels off the plastic bottles.

» Donation of Personal Protective Equipment (PPE) to Chanja Datti staff for proper protection while sorting waste.

» Donation of a workspace and electrodes for the fabrication of 5 recycling cages. The cages were donated to schools and motor parks for PET/Can collections.

» Partnership with Chanja Datti to perform various environmental sensitization and sanitization.

At our power plant, waste management is also closely monitored from the point of its generation to its subsequent disposal to ensure the process is carried out in line with international environmental best practices. Monthly and quarterly environmental assessments of the plant are also executed through a registered third-party vendor. As far as is possible, we also try to make use of products and services that do the least damage to the environment by applying the principles of continuous improvement in respect of Air, Water, Noise and Light pollution from our premises; with the aim of reducing the impacts from our operations on the environment and local community.

- Water: Save Every Drop

To reduce water consumption, Transcorp, through its hotel business, facilitated sessions to educate team members on environmental best practices and installed water-efficient equipment such as low-flow shower heads and taps.

- The Soap for Hope Project

The program which launched in 2016 derived from a partnership amongst Transcorp Hilton Abuja, Diversey and ACE Charity. It was aimed at recovering used soap bars, recycling and donating them to local communities with limited access to soap and sanitation materials. The objective is to promote personal hygiene, prevent avoidable diseases and create awareness for recycling and repurposing of soap waste. Since its inception, the Soap for Hope project has distributed about 2,968 tablets of soap to beneficiaries of the program.



COMMUNITY INVESTMENT & CSR

Sustainability thrives as a result of effective collaborations. We at Transcorp believe in partnering with organizations that share the vision we have towards sustaining our environment and developing the communities we operate in. In 2018, Transcorp Hotels remained in partnership with ACE, a non-profit charity organization to spread our reach to more members of the community and partnered with Chanja Datti to work on environmental sustainability, while Transcorp Power Limited successfully executed physical development projects in two of its 3 host communities. For us at Transcorp, we believe that while tackling

some of our communities most pressing environmental, economic and social issues, we also have a responsibility and vested interest in sustaining the environment we operate in. As a leading conglomerate, we believe we are positioned to become a part of the solution through embracing of environmentally friendly practices, tackling unemployment by empowering women, building the leaders of tomorrow by giving them an opportunity to dream, sustaining the environment by engaging in waste management programs or giving back to the communities we operate in by embarking on outreach programmes.

Driven by the desire to tackle unemployment in the Community, the "Business Empowerment Programme for Women (BEPW)" was born within Transcorp Hotels. The program is aimed at empowering women with basic sewing, business, accounting and management skills necessary to establish and manage their own businesses. At the end of each program, beneficiaries are provided with sewing machines to kick-start their entrepreneurial journey. Since inception, the hotel through its partnership with ACE charity has empowered 12 women in the fashion business and produced 8,571 string bags from old linens donated by the Hotel Transcorp Power similarly introduced a program for women, in its host community to be trained in skills like hair dressing, tailoring, make-up, bakery etc. The first batch of the program commenced with 6 trainees (2 from each community) on the 1st of February 2018 and concluded on 31st July 2018 (6 months). The second batch of the community female skill training is ongoing to be completed by end of February 2019.

Other initiatives include the following:

» Kitchen Apprenticeship Program which trains young individuals in the community on the fundamentals of cooking and kitchen management; moulding them into world class chefs. At the end of the Program, the chef adjudged as the best is then offered employment in the Hilton chain.

» Donation of school bags to students through the SchoolInABag project in celebration of International Children's Day. The project is aimed at building the leaders of tomorrow by providing them with the necessary tools needed to excel in school. So far, we have equipped 42 kids with school bags.

» Organisation of an outreach programme for indigenes of the Waru community in GSW to educate them on basic hygiene. We donated bed linens, lady's set, duvets and recycled soap as part of the activities to celebrate the "Global Month of Service".

» Co-sponsorship of the Nigerian Fashion Show-Abuja and some other Art exhibitions during the year in the bid to promote the Nigerian Arts and "made in Nigeria brands".

» Sponsorship of Project Pink Blue, a nongovernmental organization in Abuja that raises funds for cancer patients including cancer awareness.

» Continued sponsorship of the Abuja Metropolitan Music Society (AMEMUSO), an NGO that provides a platform for Nigerians to express their musical talents.

AWARDS AND RECOGNITIONS

During the year 2018, Transcorp also sustained its award-winning streak through the achievements attained by our subsidiary businesses. These awards and achievements are already detailed in page 9 of the report.







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

February 7th, 2019

Statement by the External Consultants on the Board Evaluation of Transnational Corporation of Nigeria Plc for the year ended December 31, 2018

Further to our engagement, we have performed an evaluation of the Board of Directors of Transnational Corporation of Nigeria Plc (the Company) for the year ended December 31, 2018, based on the scope of services agreed with the Company as specified in our letter of engagement.

The evaluation exercise benchmarked the requirements of the amended SEC Code of Corporate Governance, the Company's corporate governance framework and global best practice.

Our work and approach included a review of documents provided by the Company, research on global best practice, interviews and questionnaires, including a self and peer assessment by members of the Board

Our findings and recommendations have been submitted to the Board of Transnational Corporation of Nigeria Plc in a detailed report.

- **The Chairman of the Board:**
 - Effectively leads the operations of the Board to ensure the company's strategic objectives are met and plays a lead role in the assessment, improvement and development of the Board
 - Acts as the main link between the Board and the CEO as well as advising the CEO in the effective discharge of his duties
- The Board of Transnational Corporation of Nigeria Plc has a strong and established system of corporate governance underpinned by a Board Governance & Board Committee Governance Charter and Executive Management Charter. The mandates and terms of reference of the Board committees are clearly defined in the Board Governance & Board Committee Governance Charter and they address the effective monitoring of financial performance, strategy, governance, remuneration, risk management and controls
- The Board operates effectively, fully carrying out its functions of Strategic Direction, Policy Formulation, Decision Making and Oversight.
- The Board is considered strong and established and composed of seasoned professionals with a wealth of experience committed to the long-term success of the Company. The Board is diverse in experience, skills and gender.
- On the basis of our work, we conclude that the Board of Transnational Corporation of Nigeria Plc complied with the amended SEC Code of Corporate Governance 2011 and demonstrates a commitment to maintaining strong corporate governance in line with global best practice

Yours faithfully,
FOR: Angela Aneke & Co Limited


Angela Aneke
Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 ("CAMA"), the Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Group and of the profit or loss for the period ended 31 December 2018, and in so doing they ensure that:

- Proper accounting records are maintained;
- Applicable accounting policies are adopted and consistently applied;
- Judgments and estimates made are reasonable and prudent;
- The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Group and prevent and detect fraud and other irregularities.

The Directors accept responsibility for the annual consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards (IFRS) and the requirements of CAMA.

The Directors are of the opinion that the 2018 consolidated Financial Statements give a true and fair view of the state of the financial affairs of the Company and Group.

The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company and its subsidiaries will not remain going concerns for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS:

Valentine Ozigbo
President/CEO
FRC/2013/ICAN/00000005347

Tony O. Elumelu, CON
Chairman
FRC/2013/CIBN/00000002590

13 February 2019

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2018

To the Members of Transnational Corporation of Nigeria Plc

In compliance with section 359(6) of the Companies and Allied Matters Act Cap C20 LFN 2004 (CAMA), members of the Audit Committee of Transnational Corporation of Nigeria Plc ("the Company") hereby report as follows:

1. The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359(6) of CAMA;
2. We approved the internal plan and assessed the level of compliance of the internal audit activities with the plan;
3. We have reviewed the effectiveness of the company's system of accounting and internal control;
4. We have examined the auditors' report including the financial statements for the year ended 31 December 2018;
5. We have also deliberated with the external auditors, reviewed their findings and recommendations and management responses and confirm that the auditors' report for this period is consistent with our review; and
6. We are satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and meet ethical standards.



John Isesele

Chairman, Audit Committee

FRC No. FRC/2014/ICAN/00000008988

Dated this 13 day of February, 2019.

Members of the Audit Committee

- | | | |
|---------------------------|---|----------|
| 1. Mr. John Isesele | - | Chairman |
| 2. Alhaji Abu Jimah | - | Member |
| 3. Mr. Matthew Esonanjour | - | Member |
| 4. Dr. Stanley Lawson | - | Member |



04

FINANCIAL
STATEMENTS





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Independent Auditors' Report

To the Members of Transnational Corporation of Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Transnational Corporation of Nigeria Plc (the "Company") and its subsidiaries (the "Group") which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Transnational Corporation of Nigeria Plc and its subsidiaries as at 31 December 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Basis for Opinion

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

Key Audit Matters

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

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



Independent Auditors' Report

To the Members of Transnational Corporation of Nigeria Plc

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

Key Audit Matter	How the matter was addressed in the audit
<p>Assessment of Goodwill impairment (Consolidated financial statements)</p> <p>The Group has a material goodwill balance of ₦30.934 billion, which principally relate to the acquisitions of Transcorp Hotels Calabar Limited (THC), Transcorp Hotels Plc (THP) and Transcorp Power Limited (TPL).</p> <p>Goodwill was calculated as the difference between the purchase consideration for the interest in THC, THP, TPL and the Company's share of net assets acquired. Goodwill is allocated on the Company's cash generating unit (CGU) which are THC, THP and TPL.</p> <p>In line with the provisions of IAS 36, Goodwill should be tested for impairment annually. The Company tested goodwill for impairment and no impairment charge has been recorded against these balances in the current financial year.</p> <p>The annual impairment test is significant to our audit because the balance involved is significant to the Group and the testing process is complex and requires significant judgments made by the Directors concerning the estimated value future cash flows, associated discount rates and growth rates based on their view of future business process.</p> <p>The current economic climate also increases the complexity of forecasting. Scrutiny is placed on forecast assumptions and discount rates, with a greater focus on more recent trends and less reliance on historical trends.</p> <p>Accordingly, the impairment tests of goodwill is considered a key audit matter due to the impact of the above assumptions.</p> <p>The disclosure of goodwill is set out in Note 21 of the consolidated and separate financial statements.</p>	<p>Our audit procedures include, amongst others, the following:</p> <ul style="list-style-type: none"> • We considered the determination of the cash generating units. • We evaluated the model used in determining the value in use of the cash generating units, as well as assessing the discount rate used. • We compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations. • We involved an EY internal valuation specialists to assist in evaluating management's key assumptions used in the impairment calculations.



Independent Auditors' Report

To the Members of Transnational Corporation of Nigeria Plc

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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



Independent Auditors' Report

To the Members of Transnational Corporation of Nigeria Plc

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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



Independent Auditors' Report

To the Members of Transnational Corporation of Nigeria Plc

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

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

Report on Other Legal and Regulatory Requirements

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

we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

in our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books; and

the Group and the Company's consolidated and separate statement of financial position and consolidated and separate statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

15 February 2019



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

FOR THE YEAR ENDED 31 DECEMBER 2018



	Note	Group		Company	
		2018 N'000	2017 N'000	2018 N'000	2017 N'000
Revenue from contracts with customers	4	104,162,785	80,284,959	8,899,967	5,121,992
Cost of sales	9	(55,910,364)	(43,860,652)	-	-
Gross profit		48,252,421	36,424,307	8,899,967	5,121,992
Other operating income	10	997,196	1,359,639	2,040,445	1,335,228
Administrative expenses	15	(14,600,293)	(11,751,949)	(3,364,982)	(2,356,599)
Operating profit		34,649,324	26,031,997	7,575,430	4,100,621
Finance cost	11	(9,578,890)	(9,670,480)	(3,455,477)	(3,016,285)
Finance income	11	499,463	498,259	1,585,564	1,483,401
Foreign exchange loss on financing activities	12	(3,167,810)	(4,554,229)	-	-
Profit before tax		22,402,087	12,305,547	5,705,517	2,567,737
Income tax expense	16	(1,775,420)	(1,698,271)	(1,094,518)	(698,533)
Profit for the year		20,626,667	10,607,276	4,610,999	1,869,204
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain on available-for-sale financial assets		-	2,798,973	-	2,798,973
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net loss on equity instruments designated at fair value through other comprehensive income		(1,254,839)	-	(1,254,839)	-
Other comprehensive income/(loss) for the year, net of tax		(1,254,839)	2,798,973	(1,254,839)	2,798,973
Total comprehensive income for the year, net of tax		19,371,828	13,406,249	3,356,160	4,668,177
Profit for the year attributable to:					
Equity holders of the parent		9,314,010	4,754,765	4,610,999	1,869,204
Non-controlling interests		11,312,657	5,852,511	-	-
		20,626,667	10,607,276	4,610,999	1,869,204
Total comprehensive income attributable to:					
Equity holders of the parent		8,059,171	7,553,738	3,356,160	4,668,177
Non-controlling interests		11,312,657	5,852,511	-	-
Other comprehensive income/(loss) for the year, net of tax		19,371,828	13,406,249	3,356,160	4,668,177
Earnings per share					
Basic	17	23	12	11	5
Diluted	17	23	12	11	5

The accounting policies and notes on pages 62 to 123 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group		Company	
		2018 N'000	2017 N'000	2018 N'000	2017 N'000
Assets					
Non-current assets					
Property, plant and equipment	18	154,565,889	141,835,591	23,032	18,339
Investment properties	19	1,800,000	1,706,600	1,800,000	1,706,600
Intangible assets	20	40,240,192	39,517,340	5,075,818	5,075,818
Investment in subsidiaries	7	-	-	27,529,887	27,529,887
Financial assets	22	3,716,514	4,971,353	3,716,514	4,971,353
Prepayments and other assets	25	221,920	53,010	185,648	-
Deferred tax assets	16	3,998,817	3,348,918	-	-
		204,543,332	191,432,812	38,330,899	39,301,997
Current assets					
Inventories	23	4,811,913	4,646,609	-	-
Trade and other receivables	24	83,601,905	83,471,801	27,938,751	22,672,103
Prepayments and other assets	25	554,275	372,800	58,333	788,697
Cash and short term deposit	26	3,628,370	5,598,282	110,751	339,974
		92,596,463	94,089,492	28,107,835	23,800,774
Total assets		297,139,795	285,522,304	66,438,734	63,102,771
Equity					
Issued capital	27	20,323,996	20,323,996	20,323,996	20,323,996
Share premium	27	6,249,871	6,249,871	6,249,871	6,249,871
Other reserves		1,522,942	2,777,781	1,634,622	2,889,461
Retained earnings		39,682,694	31,961,979	9,612,181	6,143,818
Equity attributable to equity holders of the parent		67,779,503	61,313,627	37,820,670	35,607,146
Non-controlling interests		37,573,202	34,394,170		
Total equity		105,352,705	95,707,797	37,820,670	35,607,146
Liabilities					
Non-current liabilities					
Interest-bearing loans and borrowings	22	57,373,723	75,589,945	13,242,511	11,470,290
Deposit for shares	31	2,410,000	2,410,000	-	-
Deferred tax liability	16	6,977,463	7,159,053	-	-
		66,761,186	85,158,998	13,242,511	11,470,290
Current liabilities					
Contract liabilities	29	29,499	35,664	-	-
Trade and other payables	30	68,641,953	66,686,310	3,054,475	5,577,299
Interest-bearing loans and borrowings	22	54,174,104	36,509,388	12,075,980	10,223,021
Income tax payable	16	2,180,348	1,424,147	245,098	225,015
		125,025,904	104,655,509	15,375,553	16,025,335

Total liabilities	191,787,090	189,814,507	28,618,064	27,495,625
Total equity and liabilities	297,139,795	285,522,304	66,438,734	63,102,771

The accounting policies and notes on pages 62 to 123 form an integral part of these financial statements.
The financial statements on pages 55 to 126 were approved and authorised for issue by the board of directors on 13 February 2019 and signed on its behalf by;

Tony O. Elumelu CON
FRC/2013/CIBN/00000002590
Chairman Board of Directors

Mutiu Bakare
FRC/2016/ICAN/00000014111
Group Chief Financial Officer

Valentine Ozigbo
FRC/2013/ICAN/00000005347
President/Chief Executive Officer

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

The Group	Issued capital (Note 27) N'000	Share premium (Note 27) N'000	Other reserves N'000	Treasury shares N'000	Retained earnings N'000	Total N'000	Non-controlling interests N'000	Total equity N'000
As at 1 January 2018	20,323,996	6,249,871	2,777,781	-	31,961,979	61,313,627	34,394,170	95,707,797
Effect of adoption of new accounting standards	-	-	-	-	(1,593,295)	(1,593,295)	-	(1,593,295)
As at 1 January 2018 (restated)	20,323,996	6,249,871	2,777,781	-	30,368,684	59,720,332	34,394,170	94,114,502
Profit for the period	-	-	-	-	9,314,010	9,314,010	11,312,657	20,626,667
Other comprehensive income	-	-	(1,254,839)	-	-	(1,254,839)	-	(1,254,839)
Total comprehensive income	20,323,996	6,249,871	1,522,942	-	39,682,694	67,779,503	45,706,827	113,486,330
Dividend paid to non-controlling interest	-	-	-	-	-	-	(8,133,625)	(8,133,625)
At 31 December 2018	20,323,996	6,249,871	1,522,942	-	39,682,694	67,779,503	37,573,202	105,352,705

FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued capital (Note 27) N'000	Share premium (Note 27) N'000	Other reserves N'000	Treasury shares N'000	Retained earnings N'000	Total N'000	Non-controlling interests N'000	Total equity N'000
As at 1 January 2017	20,323,996	6,249,871	(14,662)	(345,819)	27,207,214	53,420,600	33,027,997	86,448,597
Profit for the period	-	-	-	-	4,754,765	4,754,765	5,852,511	10,607,276
Reclassification to profit or loss	-	-	(6,530)	-	-	(6,530)	-	(6,530)
Re-issue of treasury shares	-	-	-	345,819	-	345,819	-	345,819
Other comprehensive income	-	-	2,798,973	-	-	2,798,973	-	2,798,973
Total comprehensive income	20,323,996	6,249,871	2,777,781	-	31,961,979	61,313,627	38,880,508	100,194,135
Dividend paid to non-controlling interest	-	-	-	-	-	-	(4,486,338)	(4,486,338)
At 31 December 2017	20,323,996	6,249,871	2,777,781	-	31,961,979	61,313,627	34,394,170	95,707,797

Other reserves relates to gains and losses from valuation of available-for-sale equity investments. This is a non distributable reserve.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2018



The Company

	Issued capital (Note 27) N'000	Share premium (Note 27) N'000	Other reserves N'000	Retained earnings N'000	Total equity N'000
As at 1 January 2018	20,323,996	6,249,871	2,889,461	6,143,818	35,607,146
Effect of adoption of new accounting standards	-	-	-	(1,142,636)	(1,142,636)
As at 1 January 2018 (restated)	20,323,996	6,249,871	2,889,461	5,001,182	34,464,510
Profit for the period	-	-	-	4,610,999	4,610,999
Other comprehensive income	-	-	(1,254,839)	-	(1,254,839)
At 31 December 2018	20,323,996	6,249,871	1,634,622	9,612,181	37,820,670

FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued capital (Note 27) N'000	Share premium (Note 27) N'000	Other reserves N'000	Retained earnings N'000	Total equity N'000
As at 1 January 2017	20,323,996	6,249,871	97,018	4,274,614	30,945,499
Profit for the period	-	-	-	1,869,204	1,869,204
Reclassification to profit or loss	-	-	(6,530)	-	(6,530)
Other comprehensive income	-	-	2,798,973	-	2,798,973
At 31 December 2017	20,323,996	6,249,871	2,889,461	6,143,818	35,607,146

Other reserves relates to gains and losses from valuation of available-for-sale equity investments. This is a non distributable reserve.

The accounting policies and notes on pages 62 to 123 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 N'000	2017 N'000	2018 N'000	2017 N'000
Profit before tax		22,402,087	12,305,547	5,705,517	2,567,737
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment		3,598,378	3,446,565	7,295	9,834
Write off of property, plant and equipment		618	20,399	-	-
Amortisation of intangible assets		32,456	20,203	-	284
Increase in fair value of investment properties		(93,400)	-	(93,400)	-
Net foreign exchange differences		2,804,880	4,623,547	102	460
Dividend income on equity securities		(368,000)	(325,709)	(368,000)	(325,709)
Loss/(gain) on disposal of property, plant and equipment		32,870	(16,943)	-	1,964
Finance cost		9,578,890	9,670,480	3,455,477	3,016,285
Finance income		(499,463)	(498,259)	(1,585,564)	(1,483,401)
Working capital adjustments:					
Increase in trade receivables		(1,723,399)	(29,634,570)	(5,266,648)	(3,236,825)
(Increase)/decrease in prepayments and other assets		(350,385)	(69,797)	544,716	1,142,920
(Increase)/decrease in inventories		(165,304)	75,937	-	-
Decrease in contract liabilities		(6,165)	(5,436)	-	-
Increase/(decrease) in trade and other payables		2,428,303	43,342,036	(3,412,821)	(2,488,182)
		37,672,366	42,954,000	(1,013,326)	(794,633)
Income tax paid		(960,711)	(3,891,635)	(184,438)	(157,899)
Net cash flows from/(used in) operating activities		36,711,655	39,062,365	(1,197,764)	(952,532)
Investing activities					
Dividend income on equity securities		368,000	325,709	368,000	325,709
Proceeds from sale of property, plant and equipment		132,902	42,688	40	533
Interest received		499,463	498,259	1,585,564	1,483,401
Proceeds from sale of financial assets		-	29,033	-	29,033
Purchase of intangible asset		(755,308)	(585,574)	-	-
Purchase of property, plant and equipment		(11,161,687)	(17,499,008)	(12,028)	(9,420)
Net cash flows (used in)/from investing activities		(10,916,680)	(17,188,893)	1,941,576	1,829,256

Financing activities					
Proceeds from borrowings		15,347,750	21,681,112	5,224,555	3,614,748
Repayment of borrowings		(19,095,017)	(23,613,898)	(2,742,011)	(1,139,778)
Interest paid		(14,912,269)	(12,839,212)	(3,455,477)	(3,016,285)
Proceed from sale of treasury shares		-	276,501	-	-
Dividends paid to non controlling interest		(9,496,282)	(4,486,338)	-	-
Net cash flows (used in)/from financing activities		(28,155,818)	(18,981,835)	(972,933)	(541,315)
Net increase in cash and cash equivalents		(2,360,793)	2,891,637	(229,121)	335,409
Net foreign exchange difference		390,881	345,325	(102)	(460)
Cash and cash equivalents at 1 January		5,598,282	2,361,320	339,974	5,025
Cash and cash equivalents at 31 December	26	3,628,370	5,598,282	110,751	339,974

The accounting policies and notes on pages 62 to 123 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS



1. Corporate information

The consolidated financial statements of Transnational Corporation of Nigeria Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 13 February 2019. Transnational Corporation of Nigeria Plc (the Company or the parent) is a private limited company incorporated under the Companies and Allied Matters Act on 16 November 2004 and domiciled in Nigeria and whose shares are publicly traded. The registered office is located at 38 Glover Road, Ikoyi, Lagos, Nigeria.

The Group is principally engaged in the power, agro-allied, oil & gas and hospitality industry; rendering of hotel services by providing luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travellers and tourists from all over the world. Information on the Group's structure is provided in Note 7. Information on other related party relationships of the Group is provided in Note 33.

2. Significant accounting policies

2.1 Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and equity financial assets that have been measured at fair value. The consolidated financial statements are presented in Naira and all values are rounded to the nearest thousand (N000), except when otherwise indicated.

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

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

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

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

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

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

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

b) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

c) Fair value measurement

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

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

The Group's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties. The Valuation Committee is comprised of the head of the investment properties segment, the head of the risk management department and chief finance officers.

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

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

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

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

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

- | | |
|--|------------|
| • Disclosures for valuation methods, significant estimates and assumptions | Note 19,20 |
| • Quantitative disclosures of fair value measurement hierarchy | Note 8 |
| • Investment properties | Note 19 |
| • Financial instruments (including those carried at amortised cost) | Note 22 |

d) Revenue from contracts with customers

The Group is principally engaged in the power, agro-allied, oil & gas and hospitality industry; rendering of hotel services by providing luxury accommodation, exotic cuisines, fully equipped meeting rooms and leisure facilities to business travellers and tourists from all over the world.

The Group has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Group has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

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

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

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

The Group has identified six distinct performance obligations:

- i. Rooms
- ii. Service charge
- iii. Food and beverages
- iv. Energy and capacity charge
- v. Ancillary Services
- vi. Other services

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

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

Rooms

Contract for the rendering of service by providing a room for an agreed period begins on performance which is when a customer makes a deposit to guarantee a reservation. Revenue is recognised overtime because as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Group's performance.

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

i. Significant financing component

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

ii. Customer options that provide a material right

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

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

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

iii. Allocating discounts

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

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

Service charge

The Group charges a flat rate across all products purchased and services rendered to customers.

For service charge levied on rooms, the Group recognises the revenue over time.

Food and beverages

The Group sells food and beverages to hotel guests and visitors. The Group recognises revenue from the sale of food and beverages at a point in time when control of the food and beverage is transferred to the customer.

For food and beverages, the Group recognises the revenue at point in time.

Energy and capacity charge

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

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

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

Ancillary Services

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

Other services

The Group generates revenue from other streams such as fitness club, laundry services, business centre, valet services. Revenue from rendering these services is recognised over time.

For other services, the Group recognises the revenue over time.

Principal vs Agent consideration

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

Refund liabilities – security deposit

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

The Group measures the obligation of the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Revenue recognition for comparative period

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The Group earns revenue from the sale of goods and services. The Company earns revenue from dividends received.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

• Income from investments - Corporate centre

Income from investments is recognized when it is earned. Dividends are recognised in the statement of comprehensive income on the date the Company's right to receive payment is established. Interest earned on cash investments in money market instruments is recognized in the profit and loss account as it accrues evenly over the period of the investment.

• Sale of goods - Agriculture

The Group manufactures and sells juice concentrates to manufacturers in the food and beverage industry. Recognition of revenue for concentrates is recognised when it is earned. Revenue is earned when the significant risks and rewards of ownership have been transferred to the customer or the service has been rendered; control over goods sold has been transferred, amount of revenue can be reliably measured, costs incurred in respect of the sale can be measured reliably and the economic benefits associated with the transaction will flow to the Group.

• Sale of services - Power

Revenue comprises of the net value of services being capacity provided and energy delivered net of trade discounts, rebates and VAT. Capacity charge relates to income earned from the distribution companies for available capacity. It is computed based on a fixed rate per megawatt determined by the government or industry regulator. It is recognised monthly based on the average of available capacity declared at the beginning of the month. Revenue from energy delivered calculated on the basis of megawatts of electricity pushed to the transmission grid. The capacity charge and energy delivered are included in revenue reported in the profit and loss account.

Revenue is also earned from ancillary services. Revenue earned on ancillary services relate to services provided by the Group, other than the primary production of electricity, which is used to operate a stable and secure power system including but not limited to reactive power, operating reserve, frequency control and black start capability. The ancillary services are provided in line with the existing agreement and recognises the revenue in line with its revenue recognition policy.

Amounts received from customers in advance of receiving the goods or services is recognised as liability in the statement of financial position described as unearned income.

• Sale of services - Hospitality

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. VAT on revenue transactions are 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 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.

e) Taxes**Current income tax**

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

Value added tax (VAT)

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

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

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

f) Foreign currencies

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

i. Transactions and balances

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

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

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

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

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

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

g) Cash dividend

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

h) Property, plant and equipment

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

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

Freehold Land	Not depreciated
Leasehold Building	50 years
Plant & Machinery	10 to 50 years
Motor Vehicle	4 to 5 years
Computer and Office Equipment	3 to 10 years
Furniture & Fittings	5 to 10 years

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

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

i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Group as a lessor

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

j) Borrowing costs

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

k) Investment properties

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

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

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

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

I) Intangible assets

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

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

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

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

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

Computer software

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

Research and development

Research costs are charged to expense as incurred.

Development expenses are capitalised when the following can be demonstrated:

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

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

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

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

Pre- license costs

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

License acquisition costs

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

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

Acquisition of producing assets

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

Exploration and evaluation costs

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

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

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

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

Development expenditures

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

Farmouts in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but re-designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Farmouts –outside the exploration and evaluation phase

In accounting for a farmout arrangement the Group:

- Derecognises the proportion of the asset that it has sold to the farmee;
- Recognises the consideration received or receivable from the farmee, which represents the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor;
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is only recognised when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets;
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

Farmouts in the exploration and evaluation phase

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognized initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognized initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognized as interest income. Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortized cost.

m) Financial instruments – initial recognition and subsequent measurement

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

i. Financial assets

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

- Disclosures for significant assumptions Note 3
- Trade receivables Note 24

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

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

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

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

ii. Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

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

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

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.

Financial instruments for comparative period

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.

Financial instruments for comparative period

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

• Classification

Financial assets and liabilities at fair value through profit or loss

Financial assets or liabilities at fair value through profit or loss are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be realised within twelve months; otherwise, they are classified as non-current.

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 twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprises 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

The fixed income investments have been classified as loans and receivable. The investments have a tenor of about 180 days and the company rolls over the investments. Interest income on the fixed income investment is recognised in the year it occurred as interest income.

Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or directors intends to dispose of it within 12 months of the end of the reporting period.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables, advance deposits and long-term debt.

• Recognition and measurement

Financial assets and liabilities at fair value through profit or loss

Financial instruments in this category are recognised initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term. Interest swaps and warrants are classified as current.

Loans and receivables

Loans and receivables are initially recognised 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.

Financial liabilities at amortised cost

Trade payables are initially recognised 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. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Available-for-sale investments

Available-for-sale investments are recognised initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognised in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognised in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the income statement. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or the directors expects to dispose of it within twelve months.

• Impairment of financial assets

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 income statement. 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.

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 income statement.

iii. Offsetting of financial instruments

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

n) Inventories

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

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

- Direct materials: purchase cost on a weighted average basis.

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

o) Impairment of non-financial assets

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

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

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

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

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

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

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

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

p) Cash and short-term deposit

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

o) Provisions

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

p) Pension and other post-employment benefits

i. Defined contribution scheme - pension

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

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

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

ii. Profit-sharing and bonus plan

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

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related Interpretations.

There is no material quantitative changes based on the adoption of IFRS 15 to the Company's revenue but the qualitative disclosures have been updated in line with the application of IFRS 15.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

	Adjustments	1 January 2018	
		Group N'000	Company N'000
Assets			
Trade and other receivables	(b)	(1,593,295)	(1,142,636)
Total assets		(1,593,295)	(1,142,636)
Liabilities			
Deferred tax liabilities	(c)	(477,989)	(342,791)
Total liabilities		(477,989)	(342,791)
Total adjustment on equity:			
Retained earnings	(b),(c)	(965,801)	(799,845)
Non-controlling interests		(149,505)	-
		(1,115,306)	(799,845)

The nature of these adjustments are described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group. The following are the changes in the classification of the Group's financial assets:

Trade and other receivables classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

Equity investments in listed companies previously classified as AFS financial assets are now classified and measured as Equity instruments designated at fair value through OCI. The Group elected to classify irrevocably its listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

The Group has not designated any financial liabilities at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon the adoption of IFRS 9, the Group had the following required or elected reclassifications as at 1 January 2018.

IAS 39 measurement category	IFRS 9 measurement category	Group N'000	Company N'000
Loans and receivables		81,878,506	21,529,467
Trade receivables*	Amortised cost		
Available for sale			
Listed equity investments	Fair value through OCI	4,971,353	4,971,353

The change in carrying amount is as a result of additional impairment allowance. See the discussion on impairment below.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Upon adoption of IFRS 9 the Group recognised additional impairment on the Group's Trade and other receivables of N1.59 billion (company: N1.14 billion) which resulted in a decrease in Retained earnings of N1.03 billion (company: N799.85 million) as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

Group	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
	N'000	N'000	N'000
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9	1,298,025	1,593,295	2,891,320
	1,298,025	1,593,295	2,891,320

Company	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
	N'000	N'000	N'000
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9	-	1,142,636	1,142,636
	-	1,142,636	1,142,636

(c) Other adjustments

In addition to the adjustments described above, other items such as deferred taxes and non-controlling interests were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a

property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters. Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. these amendments do not have any impact on the Group's consolidated Financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice .

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 6
- Financial instruments risk management and policies Note 22.4
- Sensitivity analyses disclosures Note 22.4

Judgements

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

Revenue from contracts with customers

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

Determining the timing of satisfaction

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

The Group has determined that the output method is the best method in measuring progress rendering the services to the customer.

The Output method recognises revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

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

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

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

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

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

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

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

Principal versus agent considerations: Hilton Honours- customer loyalty program

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

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

Estimates and assumptions

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

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on market approach. This involves comparing the subject property with identical or similar property with similar properties for which evidence of recent transaction is available in the market for sale, making adequate adjustment on price information to reflect any differences in terms and actual time of transaction. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2018 for the investment properties.

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 21.

Provision for expected credit losses of trade receivables

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

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

changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 22.4

Measurement of the expected credit loss allowance for financial asset

The measurement of the expected credit loss allowance for financial assets measured at amortised cost (due from related companies) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 22.4, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Taxes

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

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

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

Segments	For the year ended 31 December 2018			
	Hospitality N'000	Power N'000	Corporate centre N'000	Total N'000
Rooms	10,739,287	-	-	10,739,287
Food and beverages	5,239,234	-	-	5,239,234
Shop rental	673,224	-	-	673,224
Service charge	121,117	-	-	121,117
Electric energy and capacity	-	86,645,719	-	86,645,719
Ancillary services	-	92,100	-	92,100
Dividend income	-	-	8,899,967	8,899,967
Other operating revenue	652,104	-	-	652,104
Total revenue from contracts with customers	17,424,966	86,737,819	8,899,967	113,062,752
Timing of revenue recognition				
Goods transferred at a point in time	5,239,234	-	8,899,967	5,239,234
Services transferred over time	12,185,732	86,737,819	-	107,823,518
Total revenue from contracts with customers	17,424,966	86,737,819	8,899,967	113,062,752

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

	Hospitality N'000	Power N'000	Corporate centre N'000	Total N'000
Revenue				
External customer	17,424,966	86,737,819	-	104,162,785
Inter-segment	-	-	8,899,967	8,899,967
	17,424,966	86,737,819	8,899,967	113,062,752
Inter-segment adjustments and eliminations	-	-	(8,899,967)	(8,899,967)
Total revenue from contracts with customers	17,424,966	86,737,819	-	104,162,785

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

Segments	For the year ended 31 December 2017			
	Hospitality N'000	Power N'000	Corporate centre N'000	Total N'000
Rooms	8,508,774	-	-	8,508,774
Food and beverages	4,091,762	-	-	4,091,762
Shop rental	625,235	-	-	625,235
Service charge	127,784	-	-	127,784
Electric energy and capacity	-	66,326,588	-	66,326,588
Ancillary services	-	114,900	-	114,900
Dividend income	-	-	5,121,992	5,121,992
Other operating revenue	489,916	-	-	489,916
Total revenue from contracts with customers	13,843,471	66,441,488	5,121,992	85,406,951

Timing of revenue recognition

Goods transferred at a point in time	4,091,762	-	5,121,992	4,091,762
Services transferred over time	9,751,709	66,441,488	-	81,315,189
Total revenue from contracts with customers	13,843,471	66,441,488	5,121,992	85,406,951

	Hospitality N'000	Power N'000	Corporate centre N'000	Total N'000
Revenue				
External customer	13,843,471	66,441,488	-	80,284,959
Inter-segment	-	-	5,121,992	5,121,992
	13,843,471	66,441,488	5,121,992	85,406,951
Inter-segment adjustments and eliminations	-	-	(5,121,992)	(5,121,992)
Total revenue from contracts with customers	13,843,471	66,441,488	-	80,284,959

There is no other revenue items outside IFRS 15

4.1 Contract balances

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Trade receivables (Note 24)	80,825,307	79,097,637	-	-
Contract liabilities (Note 29)	29,499	35,664	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2018, N3.8 billion (2017: N1.3 billion) was recognised as provision for expected credit losses on trade receivables.

Contract liabilities include short-term advances received to render hospitality services. The outstanding balances of these accounts increased in 2018 and 2017 due to the continuous increase in the Group's customer base (Note 29).

4. Revenue from contracts with customers (continued)

Set out below is the amount of revenue recognised from:

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Amounts included in contract liabilities at the beginning of the year	35,664	41,100	-	-
Performance obligations satisfied in previous years	41,100	41,379	-	-

As a practical expedient provided in IFRS 15.121 the Group decided not to disclose the amount of the remaining performance obligations for contracts with original expected duration of less than one year and contracts that meet the requirements of the right to invoice practical expedient.

5. Segment information

For management purposes, the Group is organised into business units based on its products and services and has five reportable segments, as follows:

- **Hospitality**

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

- **Power**

Power generation business relates to a subsidiary called Transcorp Power Limited (TPL). The subsidiary is engaged in generation of electric power.

- **Oil & Gas**

Oil & Gas business relates to two subsidiaries namely Transcorp Energy Limited and Transcorp OPL 281 Limited. The companies are into the exploration, refining and marketing of petroleum products. The subsidiaries are in the start-up phase and have not started generating revenue.

- **Agriculture**

Agro-allied business relates to a subsidiary called Teragro Commodities Limited. The subsidiary is engaged in the manufacturing/processing of fruit concentrates from fruits from which the Group derives revenue.

- **Corporate Centre**

Corporate Centre relates to the parent Company, Transnational Corporation of Nigeria Plc and the other non-operational subsidiaries.

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

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

Segments	For the year ended 31 December 2018							
	Hospitality	Oil & gas	Agro-allied	Power	Corporate centre	Total segments	Adjustments and eliminations	Consolidated
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Revenue								
External customers	17,424,966	-	-	86,737,819	-	104,162,785	-	104,162,785
Inter-segment	-	-	-	-	8,899,967	8,899,967	(8,899,967)	-
Total revenue	17,424,966	-	-	86,737,819	8,899,967	113,062,752	(8,899,967)	104,162,785

5. Segment information (continued)

Segments		For the year ended 31 December 2018							
Income/(expenses)	Hospitality	Oil & gas	Agro-allied	Power	Corporate centre	Total segments	Adjustments and eliminations	Consolidated	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Finance income	12,190	-	-	62,110	1,585,564	1,659,864	(1,160,401)	499,463	
Finance cost	-	-	-	7,283,815	3,455,477	10,739,292	(1,160,402)	9,578,890	
Depreciation and amortisation	996,099	82,456	-	2,512,528	7,295	3,598,378	-	3,598,378	
Employee benefits expenses	1,544,886	-	6,066	2,230,419	449,478	4,230,849	-	4,230,849	
Segment profit / (loss)	3,713,699	(128,702)	(67,096)	21,401,849	4,610,999	29,530,749	(8,904,082)	20,626,667	
Total assets	111,277,579	2,412,695	(302,955)	150,380,241	66,721,529	330,489,089	(33,349,294)	297,139,795	
Total liabilities	53,816,376	2,858,493	1,182,491	127,789,367	29,379,556	215,026,283	(23,239,193)	191,787,090	

Segments		For the year ended 31 December 2017							
	Hospitality	Oil & gas	Agro-allied	Power	Corporate centre	Total segments	Adjustments and eliminations	Consolidated	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Revenue									
External customers	13,843,471	-	-	66,441,488	-	80,284,959	-	80,284,959	
Inter-segment	-	-	-	-	5,121,992	5,121,992	(5,121,992)	-	
Total revenue	13,843,471	-	-	66,441,488	5,121,992	85,406,951	(5,121,992)	80,284,959	

Segments		For the year ended 31 December 2017							
Income/(expenses)	Hospitality	Oil & gas	Agro-allied	Power	Corporate centre	Total segments	Adjustments and eliminations	Consolidated	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
Finance income	217,168	-	65	841	1,483,401	1,701,475	(1,203,216)	498,259	
Finance cost	-	-	(95,184)	(12,192,922)	(3,016,285)	(15,304,391)	1,079,682	(14,224,709)	
Depreciation and amortisation	(1,052,483)	(10,685)	(37,709)	(58,888)	(10,119)	(1,169,884)	-	(1,169,884)	
Employee benefits expenses	2,781,424	-	12,093	1,090,678	236,930	4,121,125	-	4,121,125	
Segment profit / (loss)	2,604,807	456,704	(73,412)	10,838,063	1,869,205	15,695,367	(5,088,091)	10,607,276	
Total assets	107,459,361	5,105,459	334,917	147,518,024	63,094,513	323,512,274	(37,989,970)	285,522,304	
Total liabilities	51,038,659	5,578,670	2,050,148	131,911,931	27,487,367	218,066,775	(28,252,267)	189,814,507	

5. Segment information (continued)

Revenues from transactions with Inter-segment relates to dividend income from Transcorp Hotels Plc and Transcorp Power Limited to the Company, Transnational Corporation of Nigeria Plc. This has been re-classified into other income in the current year.

Adjustments and eliminations

Finance costs, finance income, other income are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

Reconciliation of profit	Group	
	2018 N'000	2017 N'000
Segment profit	29,530,749	15,695,367
Finance income	(1,160,401)	(1,203,216)
Finance costs	1,160,402	1,079,682
Inter-segment sales (elimination)	(8,899,967)	(5,121,992)
Administrative expenses	(4,116)	157,436
Profit	20,626,667	10,607,276

6. Capital management

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 50% and 70%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Interest-bearing loans and borrowings (Note 22)	111,547,827	112,099,333	25,318,491	21,693,311
Trade and other payables (Note 30)	68,641,953	66,686,310	3,054,475	5,577,299
Less: cash and short term deposit (Note 26)	(3,628,370)	(5,598,282)	(110,751)	(339,974)
Net debt	176,561,410	173,187,361	28,262,215	26,930,636
Total capital: Equity	105,352,705	95,707,797	37,820,670	35,607,146
Capital and net debt	281,914,115	268,895,158	66,082,885	62,537,782
Gearing ratio	63%	64%	43%	43%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017.

7. Group information

The consolidated financial statements of the Group include:

Name	Principal activities	% equity interest	
		2018	2017
Transcorp Hotels Plc	Hospitality services	83	83
Transcorp Properties Limited	Building	100	100
Transcorp Power Limited	Power generation	50	50
Transcorp OPL 281 Limited	Exploration, refining and marketing of petroleum products	100	100
Transcorp Energy Limited	Exploration of petroleum products	100	100
Teragro Commodities Limited	Growing and processing of food and cash crops.	100	100
Transcorp Refining Company Limited	Oil and gas exploration, refining and marketing	100	100
Transcorp Trading and Logistics Limited	General maritime operations	100	100
Transcorp Telecomms Limited	Communication services	100	100

Transcorp Hotels Plc investment in subsidiary includes:

Transcorp Hotels Calabar Limited	Hospitality services	100	100
Transcorp Hotels Port Harcourt Limited	Hospitality services	100	100
Transcorp Hotels Ikoyi Limited	Hospitality services	58	58

Other details on investment in subsidiaries

Name	Country of incorporation	2018	2017
		₦'000	₦'000
Transcorp Hotels Plc	Nigeria	19,618,523	19,618,523
Transcorp Properties Limited	Nigeria	10,000	10,000
Transcorp Power Limited	Nigeria	7,860,464	7,860,464
Transcorp OPL 281 Limited	Nigeria	500	500
Transcorp Energy Limited	Nigeria	9,900	9,900
Teragro Commodities Limited	Nigeria	9,500	9,500
Transcorp Refining Company Limited	Nigeria	1,000	1,000
Transcorp Trading and Logistics Limited	Nigeria	10,000	10,000
Transcorp Telecomms Limited	Nigeria	10,000	10,000
		27,529,887	27,529,887

Transcorp Refining Company Limited, Transcorp Telecomms Limited, Transcorp Trading and Logistics Limited are dormant and are undergoing winding up proceedings. The subsidiaries to be wound up have no assets, liabilities, income or expenses as these subsidiaries were incorporated but no further activities were performed. Hence there are no assets held for sale and no income or expenses from discontinued operations.

Material partly-owned subsidiaries

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

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2018	2017
Transcorp Hotels Plc - Group	Nigeria	17%	17%
Transcorp Power Limited	Nigeria	50%	50%

7. Group information (continued)

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

Summarised statement of profit or loss:

	Transcorp Hotels Plc - Group		Transcorp Power Limited	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Revenue from contracts with customers	17,424,966	13,843,470	86,737,819	66,441,488
Cost of sales	(4,536,148)	(3,763,131)	(49,837,752)	(40,097,522)
Administrative expenses	(8,430,763)	(7,796,080)	(5,874,810)	(3,329,832)
other operating income	571,336	1,178,729	115,041	16,014
Finance costs	-	-	(10,451,624)	(12,192,923)
Finance income	12,190	217,167	62,110	841
Profit before tax	5,041,581	3,680,155	20,750,784	10,838,066
Income tax	(1,327,885)	(998,422)	651,058	1,882,735
Profit for the year	3,713,696	2,681,733	21,401,842	12,720,801
Total comprehensive income	3,713,696	2,681,733	21,401,842	12,720,801
Attributable to non-controlling interests	631,328	455,894	10,698,783	4,578,527

Summarised statement of financial position as at 31 December

	Transcorp Hotels Plc - Group		Transcorp Power Limited	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Inventories and other current assets (current)	5,832,857	8,485,087	83,849,596	82,800,106
Property, plant and equipment and other non-current assets (non-current)	105,444,729	92,047,452	65,879,580	66,600,466
Contract liabilities and other current liabilities (current)	(21,653,941)	(14,950,730)	(89,603,879)	(88,865,433)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(32,162,436)	(30,646,683)	(38,185,488)	(43,046,309)
Profit for the year	3,713,696	2,681,733	21,401,842	12,720,801
Total equity	57,461,209	54,935,126	21,939,809	17,488,830
Attributable to:				
Equity holders of parent	47,692,803	45,596,155	9,850,974	7,852,485
Non-controlling interest	9,768,406	9,338,971	12,088,835	9,636,345

Summarised cash flow information for year ended 31 December:

	Transcorp Hotels Plc - Group		Transcorp Power Limited	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Operating	10,689,883	10,162,288	20,613,843	14,099,126
Investing	(9,050,487)	(10,117,805)	(1,824,596)	(6,836,975)
Financing	(3,672,784)	483,592	(19,699,648)	(6,279,898)
Net (decrease)/ increase in cash and cash equivalents	(2,033,388)	528,075	(910,401)	982,253

8. Fair value measurement

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

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

Group and Company	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000	N'000

Assets measured at fair value:

Investment properties (Note 19):	31-Dec-18	1,800,000	-	-	1,800,000
Listed equity investments (Note 22)	31-Dec-18	3,716,514	3,716,514	-	-

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

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

Group and Company	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000	N'000

Liabilities for which fair values are disclosed (Note 22.3):

The Group

Interest-bearing loans and borrowings:	31-Dec-18	103,813,944	-	103,813,944	-
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The Company

Interest-bearing loans and borrowings:	31-Dec-18	25,318,491	-	25,318,491	-
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There were no transfers between Level 1 and Level 2 during 2018.

Fair value measurement hierarchy for assets as at 31 December 2017:

Group and Company	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000	N'000

Assets measured at fair value:

Investment properties (Note 19):	31-Dec-17	1,706,600	-	-	1,706,600
Listed equity investments (Note 22)	31-Dec-17	4,971,353	4,971,353	-	-

There were no transfers between Level 1 and Level 2 during 2017.

Fair value measurement hierarchy for liabilities as at 31 December 2017:

Fair value measurement using

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000	N'000

Liabilities for which fair values are disclosed (Note 22.3):

The Group

Interest-bearing loans and borrowings:	31-Dec-17	96,322,560	-	96,322,560	-
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The Company

Interest-bearing loans and borrowings:	31-Dec-17	16,859,273	-	16,859,273	-
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There were no transfers between Level 1 and Level 2 during 2017.

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
9. Cost of sales				
Rooms	1,469,059	707,145	-	-
Food and beverages	1,506,041	1,568,430	-	-
Natural gas and fuel costs	46,068,995	35,217,507	-	-
Direct materials and related expenses	576,383	750,625	-	-
Repairs and maintenance	1,073,441	938,121	-	-
Staff costs	2,349,367	2,131,798	-	-
Depreciation	2,454,993	2,296,884	-	-
Insurance	242,573	231,387	-	-
Other operating costs	169,512	18,755	-	-
Total cost of sales	55,910,364	43,860,652	-	-
10. Other operating income				
Change in fair value of investment properties (Note 19)	93,400	-	93,400	-
Dividend income on equity securities	368,000	325,709	368,000	325,709
Management fees from subsidiaries	-	-	1,561,226	978,380
Security deposit (Note 30.2)	152,825	137,331	-	-
Net foreign exchange gains	168,262	668,943	-	460
Others	214,709	227,656	17,819	30,679
Total other operating income	997,196	1,359,639	2,040,445	1,335,228
11. Finance costs/ income				
11.1 Finance costs				
Finance cost recognised in profit or loss	9,578,890	9,670,480	3,455,477	3,016,285
11.2 Finance income				
Interest on bank deposits	23,600	13,131	23,600	13,131
Interest on loan	475,863	485,128	1,561,964	1,470,270
Total Finance income	499,463	498,259	1,585,564	1,483,401

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
12. Foreign exchange loss on financing activities				
Foreign exchange loss on interest-bearing loans and borrowings	3,167,810	4,554,229	-	-
	3,167,810	4,554,229	-	-

13. Depreciation, amortisation, auditors remuneration and costs of inventories included in the consolidated statement of profit or loss and other comprehensive income

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Included in cost of sales:				
Costs of inventories recognised as an expense	48,320,931	37,555,317	-	-
Depreciation	2,454,993	2,296,884	-	-
Included in administrative expenses:				
Depreciation	1,143,385	1,149,681	7,294	9,835
Amortisation of intangible assets (Note 15)	32,456	20,203	-	284
Auditors remuneration	115,000	115,600	29,500	35,000

N3m being consultancy fees was paid to Ernst & Young - (PwC - 2017: N2m). This has been recorded as part of the professional fees. The non-audit service was carried out with the consent of the audit engagement partner and this service pose no threat to Ernst & Young's independence and objectivity.

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
14. Employee benefits expense				
Included in cost of sales:				
Wages and salaries	2,267,067	2,003,989	-	-
Pension costs	82,300	127,809	-	-
	2,349,367	2,131,798	-	-
Included in cost of administrative expenses:				
Wages and salaries	2,016,414	1,967,567	250,655	224,020
Pension costs	106,900	21,761	17,029	12,910
	2,123,314	1,989,328	267,684	236,930
Total employee benefits expense	4,472,681	4,121,126	267,684	236,930

15. Administrative expenses

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Employee benefits expense (Note 14)	2,123,314	1,989,328	267,684	236,930
Depreciation and impairment	1,143,385	1,149,681	7,294	9,835
Amortisation	32,456	20,203	-	284
Auditors remuneration	115,000	115,600	29,500	35,000
Management and incentive fees	1,354,824	883,133	-	-

Professional fees	958,137	646,925	819,316	507,692
Directors' remuneration	650,731	470,632	365,387	302,421
Rent and rates	103,679	88,179	83,773	30,000
Loss on asset disposal	32,870	-	-	1,964
Bank charges	478,277	425,676	10,285	11,014
Repairs and maintenance	797,365	614,142	6,952	7,122
Expected credit losses of financial assets	926,454	585,028	1,254,395	834,840
Energy cost	1,292,624	1,224,419	13,936	14,982
Insurance	306,766	296,401	12,328	2,373
Group services and benefits	333,398	266,128	-	-
Public relations	215,747	184,685	1,178	4,517
Subscriptions and fees	144,405	11,275	3,458	4,129
Licences and fees	147,450	138,168	31,294	39,576
Business development	112,592	20,123	500	50
Travel, logistics and accommodation	464,793	446,762	129,454	82,161
Security	91,111	98,153	10,346	7,515
Advertising	335,689	112,913	8,580	6,737
Donation	-	800	-	700
Corporate social responsibility	469,331	251,352	-	-
Other administrative expenses	1,969,895	1,712,243	309,322	216,757
Total administrative expenses	14,600,293	11,751,949	3,364,982	2,356,599

16. Income tax

16.1 The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

Consolidated profit or loss	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Current income tax:				
Income tax charge	1,609,927	1,104,090	204,521	186,334
Education tax charge	106,985	74,095	-	-
	1,716,912	1,178,185	204,521	186,334
Tax on franked investment income	889,997	512,199	889,997	512,199
Deferred tax:				
Relating to origination and reversal of temporary differences	(831,489)	7,887	-	-
Income tax expense reported in profit or loss	1,775,420	1,698,271	1,094,518	698,533

16.2 Reconciliation of tax expense and the accounting profit multiplied by Nigeria's domestic tax rate of %30 for 2018 and 2017:

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Accounting profit before income tax	22,402,087	12,305,547	5,705,517	2,567,737
At Nigeria's statutory income tax rate of 30% (2017: 30%)	6,720,626	3,691,664	1,711,655	770,321
Education tax	106,985	74,095	-	-
Non-deductible expenses for tax purposes:				
Tax on franked investment income	889,997	512,199	889,997	512,199
Income not subjected to tax	(6,044,886)	(4,987,274)	(1,718,388)	(1,743,264)
Other non-deductible expenses	102,698	1,507,070	211,254	258,762

Tax losses for which no deferred income tax asset was recognised		714,182		714,182
Effect of minimum tax		186,334		186,334
Income tax expense reported in profit or loss	1,775,420	1,698,270	1,094,518	698,534
Effective income tax rate	8%	14%	19%	27%

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		Group Consolidated profit or loss	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Accelerated depreciation for tax purposes	7,231,709	8,402,735	(1,171,026)	(2,866)
Revaluations of investment properties to fair value	2,223,348	2,774,698	(551,350)	-
Unrealised FX losses	(5,331,517)	(6,978,442)	1,646,925	-
Contract liabilities and refund liabilities	-	-	-	-
Expected credit losses of debt financial assets	(1,144,894)	(389,408)	(755,486)	-
Losses available for offsetting against future taxable income	-	552	(552)	10,753
Deferred tax expense/(benefit)			(1,722,928)	7,887
Net deferred tax liabilities	2,978,646	3,810,135	(831,489)	

	Group	
	2018	2017
	N'000	N'000
Consolidated other comprehensive income		

Net loss/(gain) on equity instruments designated at fair value through OCI	(376,452)	-
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	Group	
	2018	2017
	N'000	N'000
Deferred tax reflected in the statement of financial position as follows:		

Deferred tax assets	(3,998,817)	(3,348,918)
Deferred tax liabilities	6,977,463	7,159,053
Deferred tax liabilities, net	2,978,646	3,810,135

16. Income tax continued

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Reconciliation of deferred tax liabilities, net				
As of 1 January	3,810,135	3,802,248	-	-
Tax (expense)/income during the year recognised in profit or loss	(831,489)	7,887	-	-
As at 31 December	2,978,646	3,810,135	-	-

The Group and the Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The Group and the Company has not recognised deferred tax assets in respect of deductible temporary differences as it is not probable that taxable profits will be available in future for utilisation. The tax rate applicable to this deductible temporary differences is 30% based on the relevant tax laws. Accordingly, deductible temporary difference and unutilised tax losses for which deferred taxes were not recognised totaled N8.2 billion and N10.5 billion as at 31 December 2018 and 2017 respectively while deferred tax assets of N2.5 billion and N3.2 billion were not recognised for the year ended 31 December 2018 and 2017 respectively.

Reconciliation of income tax payable				
As of 1 January	1,424,147	4,137,597	225,015	196,580
Income tax expense during the year	1,716,912	1,178,185	204,521	186,334
Payment during the year	(960,711)	(3,891,635)	(184,438)	(157,899)
As at 31 December	2,180,348	1,424,147	245,098	225,015

17. Earnings per share (EPS)

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

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

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

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Profit attributable to ordinary equity holders of the parent for basic earnings	9,314,010	4,754,765	4,610,999	1,869,204
Average number of ordinary shares for basic EPS (thousands)	40,647,991	40,647,991	40,647,991	40,647,991
Basic Earnings per share (Kobo)	23	12	11	5
Diluted Earnings per share (Kobo)	23	12	11	5

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

18. Property, plant and equipment

Group	Freehold Land N'000	Leasehold Building N'000	Plant & Machinery N'000	Furniture & fittings N'000	Computer & office equipments N'000	Motor Vehicle N'000	Capital work in progress N'000	Total N'000
Cost								
1 January 2017	35,588,745	17,606,754	52,201,428	3,184,912	123,550	688,254	31,731,727	141,125,370
Additions	309,609	79,161	5,428,784	26,478	273,606	55,703	11,325,667	17,499,008
Interest cost capitalised in the year	-	-	-	-	-	-	3,168,732	3,168,732
Reclassification	-	181	6,036,816	-	-	29,500	(6,066,497)	-
Disposals	-	-	(4,578)	(304)	(155,828)	(40,554)	-	(201,264)
Write offs	-	-	(75,541)	(5,935)	-	-	(8,778)	(90,254)
31 December 2017	35,898,354	17,686,096	63,586,909	3,205,151	241,328	732,903	40,150,851	161,501,592
Additions	1,465,925	40,520	952,336	15,273	219,731	37,514	8,430,388	11,161,687
Interest cost capitalised in the year	-	-	-	-	-	-	5,333,379	5,333,379
Reclassification	375,370	37,180	863,838	-	-	-	(1,276,388)	-
Disposals	-	-	(196,143)	(14,107)	(404)	(46,785)	-	(257,439)
Write offs	-	-	-	-	-	-	(618)	(618)
31 December 2018	37,739,649	17,763,796	65,206,940	3,206,317	460,655	723,632	52,637,612	177,738,601
Accumulated depreciation and impairment losses								
1 January 2017	-	2,260,200	11,475,909	2,264,320	50,735	413,646	-	16,464,810
Depreciation for the year	-	418,618	2,537,432	45,944	338,968	105,603	-	3,446,565
Impairment	-	-	(57,786)	(12,069)	-	-	-	(69,855)
Disposals	-	-	(2,477)	(51)	(155,432)	(17,559)	-	(175,519)
31 December 2017	-	2,678,818	13,953,078	2,298,144	234,271	501,690	-	19,666,001
Depreciation for the year	-	415,802	2,848,203	40,132	212,890	81,351	-	3,598,378
Disposals	-	-	(52,882)	(12,057)	(364)	(26,364)	-	(91,667)
31 December 2018	-	3,094,620	16,748,399	2,326,219	446,797	556,677	-	23,172,712
Net book value								
At 31 December 2018	37,739,649	14,669,176	48,458,541	880,098	13,858	166,955	52,637,612	154,565,889
At 31 December 2017	35,898,354	15,007,278	49,633,831	907,007	7,057	231,213	40,150,851	141,835,591

18. Property, plant and equipment

Company	Leasehold Building N'000	Plant & Machinery N'000	Furniture & fittings N'000	Computer & office equipments N'000	Motor Vehicle N'000	Total N'000
Cost						
1 January 2017	28,862	4,618	29,608	27,288	7,975	98,351
Additions	-	7,715	322	1,383	-	9,420
Disposals	-	(3,562)	-	(634)	-	(4,196)
31 December 2017	28,862	8,771	29,930	28,037	7,975	103,575
Additions	-	-	1,964	10,064	-	12,028
Disposals	-	-	-	(404)	-	(404)
31 December 2018	28,862	8,771	31,894	37,697	7,975	115,199
Accumulated depreciation and impairment losses						
1 January 2017	24,622	1,796	19,347	24,300	7,036	77,101
Depreciation for the year	3,700	1,115	3,781	945	293	9,834
Disposals	-	(1,461)	-	(238)	-	(1,699)
31 December 2017	28,322	1,450	23,128	25,007	7,329	85,236
Depreciation for the year	309	772	3,468	2,746	-	7,295
Disposals	-	-	-	(364)	-	(364)
31 December 2018	28,631	2,222	26,596	27,389	7,329	92,167
Net book value						
At 31 December 2018	231	6,549	5,298	10,308	646	23,032
At 31 December 2017	540	7,321	6,802	3,030	646	18,339

18. Property, plant and equipment continued

Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 December 2018 was N5.33 billion (2017: N3.17 billion). The rate used to determine the amount of borrowing costs eligible for capitalisation was 19%, which is the applicable EIR of the Group's specific borrowings.

19. Investment properties

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Opening balance at 1 January	1,706,600	1,706,600	1,706,600	1,706,600
Net gain from fair value remeasurement	93,400	-	93,400	-
Closing balance at 31 December	1,800,000	1,706,600	1,800,000	1,706,600

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

As at 31 December 2018, the fair values of the properties are based on valuations performed by Jide Taiwo & Co. Estate Surveyors & Valuers, an accredited independent valuer with FRC/2012/NIES00000000000254. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The title to this property was revoked in a Newspaper publication dated 29 May 2015 by a revocation order of the Minister of Lands, Housing & Urban Development. By another Newspaper publication dated 9 August 2018, the Minister of Power Works and Housing reversed the revocation and informed the whole public that Transcorp's title to the property remains valid and subsisting and shall in no way be affected by the previously published revocation notice.

Prior to the reversal of the revocation, a suit was filed at Federal High Court challenging the legality of the revocation. An interim Order of injunction was obtained restraining Minister of Lands, Housing & Urban Development from giving effect to the revocation order (FHC/L/CS/2015/794 TNC V AG FEDERATION & MINISTER OF LANDS). The court subsequently struck out the suit while ruling on a preliminary objection challenging its jurisdiction.

The Company filed a notice of appeal against the ruling of the Federal High Court and an application for stay of proceedings both at the Court of Appeal and the Federal High Court. The Federal High Court granted the Company's application and stayed proceedings in the suit pending the determination of the appeal. Meanwhile the Company and the Federal Government has entered into Terms of Settlement to amicably resolve the suit.

As at the date of the approval of these financial statements, the Directors, based on representation from their legal advisers expects that there is no likelihood of unfavourable outcome in the suit.

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

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

Reconciliation of fair value:

	Group and Company
	Land
	N'000
As at 1 January 2017	1,706,600
Remeasurement recognised in profit or loss	-
As at 31 December 2017	1,706,600
Remeasurement recognised in profit or loss	93,400
As at 31 December 2018	1,800,000

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

Valuation technique	Significant unobservable inputs	Range (weighted average)	
		2018	2017
Land - market comparison method (refer below)	Estimated rental value per sqm per month	684	572
	Rent growth p.a.	19.66%	19.66%
	Average land value per square meter	150,538	122,581

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

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

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

20. Intangible assets	Group						Company	
	Goodwill N'000	Computer software with definite useful life N'000	Oil Prospecting License N'000	Exploration and evaluation expenditure N'000	Total N'000	Computer software with definite useful life N'000	Oil Prospecting License N'000	Total N'000
Cost								
At 1 January 2017	30,934,143	210,246	5,075,818	2,843,098	39,063,305	12,966	5,075,818	5,088,784
Additions	-	47,924	-	537,650	585,574	-	-	-
At 31 December 2017	30,934,143	258,170	5,075,818	3,380,748	39,648,879	12,966	5,075,818	5,088,784
Additions	-	-	-	755,308	755,308	-	-	-
At 31 December 2018	30,934,143	258,170	5,075,818	4,136,056	40,404,187	12,966	5,075,818	5,088,784
Amortisation and impairment								
At 1 January 2017	-	111,336	-	-	111,336	12,682	-	12,682
Amortisation	-	20,203	-	-	20,203	284	-	284
At 31 December 2017	-	131,539	-	-	131,539	12,966	-	12,966
Amortisation	-	32,456	-	-	32,456	-	-	-
At 31 December 2018	-	163,995	-	-	163,995	12,966	-	12,966
Net book value								
At 31 December 2018	30,934,143	94,175	5,075,818	4,136,056	40,240,192	-	5,075,818	5,075,818
At 31 December 2017	30,934,143	126,631	5,075,818	3,380,748	39,517,340	-	5,075,818	5,075,818

Goodwill is not amortised but tested for impairment annually. There are no internally generated intangible assets.

The Production Sharing Contract between Transcorp and the Nigerian National Petroleum Corporation was signed by the Federal Government of Nigeria on 2 May 2014. Per the agreement, the exploration period is for 5 years after which the OPL converts to an Oil Mining License for a period of 20 years. Amortisation of the OPL cost will commence when it has been determined that commercial quantity of crude can be produced from the oil field and mining commences.

All expenditure related to the exploration and evaluation activities were capitalised during the year. Expenditure incurred during the year on exploration and drilling activities was N755.31 million (2017: N537.65 million).

21. Goodwill and intangible assets with indefinite useful lives

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

Carrying amount of goodwill	2018	2017
	N'000	N'000
Transcorp Hotels Calabar (THC)	863,163	863,163
Transcorp Hotels Plc (THP)	20,369,790	20,369,790
Transcorp Power Limited (TPL)	9,701,190	9,701,190
Total carrying amount of goodwill	30,934,143	30,934,143

In assessing goodwill for impairment at 31 December 2018 and 2017, the company compared the aggregate recoverable amount of the assets included in the CGU to its respective carrying amounts. Recoverable amount has been determined based on the value in use of the CGUs using five year cash flow budgets approved by directors that made maximum use of observable markets for inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates that do not exceed the long-term average for the business.

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

- Budgeted gross margin %
- Weighted average growth rate
- Pre-tax discount rate

Transcorp Hotels Calabar CGU

The recoverable amount of Transcorp Hotels Calabar CGU, N4,683,174,000 as at 31 December 2018, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projections is 15.5% (2017: 12.1%) and cash flows beyond the five-year period are extrapolated using a 7.0% growth rate (2017: 5.0%) that is the same as the long-term average growth rate for the hospitality industry. It was concluded that the fair value less costs of disposal exceed the value in use. As a result of this analysis, no impairment charge has been recognised by management.

Transcorp Hotels Plc CGU

The recoverable amount of Transcorp Hotels Plc CGU, N85,233,552,000 as at 31 December 2018, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projections is 15.5% (2017: 12.1%) and cash flows beyond the five-year period are extrapolated using a 7.0% growth rate (2017: 5.0%) that is the same as the long-term average growth rate for the hospitality industry. It was concluded that the fair value less costs of disposal exceed the value in use. As a result of this analysis, no impairment charge has been recognised by management.

Transcorp Power Limited CGU

The recoverable amount of Transcorp Power Limited CGU, N168,755,486,000 as at 31 December 2018, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projections is 19.55% (2017: 12.1%) and cash flows beyond the five-year period are extrapolated using a 5.5% growth rate (2017: 5.0%) that is the same as the long-term average growth rate for the power industry. It was concluded that the fair value less costs of disposal exceed the value in use. As a result of this analysis, no impairment charge has been recognised by management.

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

22. Financial assets and financial liabilities**22.1 Financial assets**

	2018	Group 2017	2018	Company 2017
	N'000	N'000	N'000	N'000
Financial assets at fair value through profit or loss				
Listed equity investments	3,716,514	4,971,353	3,716,514	4,971,353
Debt instruments at amortised cost				
Trade receivables (Note 24)	83,601,905	83,471,801	27,938,751	22,672,103
Total financial assets	87,318,419	88,443,154	31,655,265	27,643,456
Total current	83,601,905	83,471,801	27,938,751	22,672,103
Total non-current	3,716,514	4,971,353	3,716,514	4,971,353

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

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

22. Financial assets and financial liabilities continued**22.2 Financial liabilities: Interest-bearing loans and borrowings**

Current interest-bearing loans and borrowings	Interest rate %	Maturity	Group		Company	
			2018 R'000	2017 R'000	2018 R'000	2017 R'000
N10 billion -7year bond	16	26-Oct-22	1,633,781	1,214,518	-	-
N9.758 billion -5year bond	16	4-Dec-20	2,617,110	2,201,853	-	-
N11.4 billion amortising consolidated term loan	16	30-Aug-22	15,482,185	13,821,225	5,957,661	10,223,021
N3.5 billion revolving overdraft facility	16	On demand	3,330,338	2,502,069	-	-
N4.36 billion bank loan	16	26-Dec-19	1,529,698	1,416,726	-	-
N5 billion bank loan	18	17-Mar-23	1,773,754	756,009	-	-
N5 billion bank loan	8	14-May-26	2,917,370	1,134,062	-	-
\$2 million investment loan	13.5	28-Feb-19	754,774	744,304	-	-
N3 billion revolving loan	16	30-Jun-21	587,553	-	587,553	-
N8.8 billion term loan	16	30-Jun-20	5,530,766	-	5,530,766	-
\$215 million acquisition loan	Libor plus 8.5%	30-Nov-25	3,215,870	-	-	-
N6.7 billion Import finance facility	16	30-Dec-26	1,745,442	-	-	-
N2.3 billion revolving facility	16	30-Jun-20	3,242,773	-	-	-
Other Short term loan	16	On demand	9,812,690	12,718,622	-	-
Total current interest-bearing loans and borrowings			54,174,104	36,509,388	12,075,980	10,223,021

	Interest rate %	Maturity	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Non-current interest-bearing loans and borrowings						
N10 billion -7year bond	16	26-Oct-22	6,018,658	7,648,054	-	-
N9.758 billion -5year bond	16	4-Dec-20	2,989,497	5,605,047	-	-
N5 billion bank loan	18	17-Mar-23	3,240,638	4,264,329	-	-
N5 billion investment loan	23.5	2-Apr-20	5,950,185	3,555,916	-	-
\$5 million investment loan	-	14-May-26	1,820,000	11,470,291	-	11,470,290
N4.16 billion consolidated laon	Libor plus 8.5 %	30-Nov-25	15,450,511	-	-	-
N6.7 billion Import finance facility	16	30-Dec-26	8,661,723	43,046,308	-	-
N8.8 billion term loan	16	30-Jun-20	475,201	-	475,201	-
N3 billion revolving loan	16	30-Jun-21	3,742,785	-	3,742,785	-
N11.4 billion amortising consolidated term loan	16	30-Aug-22	9,024,525	-	9,024,525	-
Total non-current interest-bearing loans and borrowings			57,373,723	75,589,945	13,242,511	11,470,290
Total interest-bearing loans and borrowings			111,547,827	112,099,333	25,318,491	21,693,311

Bank overdrafts

The bank overdrafts are secured by a portion of the Group's short-term deposits

N10 billion 7-year bond

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 Networth Investors ("HNIs") as defined under Rule 321 of the Rules and Regulations of the Securities and Exchange Commission;

N9.758 billion 5-year bond

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 Networth Investors ("HNIs") as defined under Rule 321 of the Rules and Regulations of the Securities and Exchange Commission ;

N11.4 billion amortising consolidated term loan

N11.4 billion amortising consolidated term loan with a tenor of five years with 12 months moratorium from a commercial bank at interest rate of 16%;

N3.5 billion revolving overdraft facility

N3.5 billion revolving overdraft facility available for five years with 365 days repayable on demand from a commercial bank at interest rate of 16%;

N4.36 billion bank loan

N4.36 billion bank loan with a tenor of seven years with 12 months moratorium from a commercial bank at interest rate of 16%;

N5 billion bank loan

N5 billion term loan with a tenor of six years with 12 months moratorium from a commercial bank at interest rate of 18%. The loan is secured by a guarantee from Transnational Corporation of Nigeria Plc, the parent of the Company;

\$5 million investment loan

\$5 million loan with no interest payable after 8 years. The loan is guaranteed by Transnational Corporation of Nigeria Plc

\$2 million bank loan

\$2 million loan from a commercial bank with interest of 13.5%, and the loan is secured by Corporate Guarantee of Transnational Corporation of Nigeria Plc.

N4.16 billion consolidated loan

This loan is repayable over a three year period inclusive of a one year principal and interest moratorium period effective from the date of consolidation. The cashflow from the operations of the Company will be used to service the loan.

Use of bond proceeds:**N10 billion 7-year 16.00% fixed rate bonds**

Purpose	Amount (N:000)	% of Net proceeds	Completion period
Upgrade and refurbishment of Transcorp Hilton Abuja	7,611,496	76	31 March 2019
Construction of Multipurpose Banquet Hall in Transcorp Hilton Abuja	1,902,874	19	December 2019
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	Completion period
Upgrade and refurbishment of Transcorp Hilton Abuja	7,615,821	78	31 March 2019
Construction of Multipurpose Banquet Hall in Transcorp Hilton Abuja	1,930,955	20	December 2019
Cost of Issue	238,224	2	Paid
	9,785,000	100	

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

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Trade and other payables (Note 30)	68,641,953	66,686,310	3,054,475	5,577,299
Total current financial liabilities	68,641,953	66,686,310	3,054,475	5,577,299

22.3 Fair values

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

Group	Carrying amount		Fair value	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Financial liabilities				
Interest-bearing loans and borrowings	111,547,827	112,099,333	103,813,944	96,322,560
Closing balance at 31 December	111,547,827	112,099,333	103,813,944	96,322,560
Company	Carrying amount		Fair value	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Financial liabilities				
Interest-bearing loans and borrowings	25,318,491	21,693,311	25,318,491	16,859,273
Closing balance at 31 December	25,318,491	21,693,311	25,318,491	16,859,273

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

The following methods and assumptions were used to estimate the fair values:

The fair values of the Group's interest-bearing borrowings and loans are determined by using the Discounted Cash Flow (DCF) method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2018 was assessed to be insignificant.

22.4. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and bank balances that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits and loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 December in 2018 and 2017.

Interest rate risk

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

Foreign Currency risk

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

Foreign Currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and

liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Group - 2018	Change in USD rate	Effect on profit before tax N'000	Change in GDP rate	Effect on profit before tax N'000
	10%	(41,369)	10%	3,908
	-10%	41,369	-10%	(3,908)

Group - 2017	Change in USD rate	Effect on profit before tax N'000
	10%	(4,670,218)
	-10%	4,670,218

Company-2018	Change in USD rate	Effect on profit before tax N'000
	10%	33
	-10%	(33)

Company-2017	Change in USD rate	Effect on profit before tax N'000
	10%	24
	-10%	(24)

Equity price risk

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

At the reporting date, the exposure to equity investments at fair value listed on the Nigeria Stock Exchange (NSE) was N3,716,514,000 (2017: N4,971,353,000). Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the NSE market index, the Group has determined that an increase/(decrease) of 10% on the NSE market index could have an impact of approximately N125,438,000 (2017: N497,135,000) increase/(decrease) on the income and equity attributable to the Group.

Credit risk

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

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 22. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

22.4. Financial instruments risk management objectives and policies continued

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

Trade receivables						
Days past due						
Group	Current	<30 days	60-30 days	90-61 days	>91 days	Total
31-Dec-18	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	2%	1%	1%	3%	6%	-
Estimated total gross carrying amount at default	225,099	12,972,618	2,016,023	4,733,701	60,877,865	80,825,307
Expected credit loss	4,178	97,400	29,156	122,499	3,511,727	3,764,960
1-Jan-18						
Expected credit loss rate	2%	1%	1%	2%	3%	-
Estimated total gross carrying amount at default	331,549	14,226,109	5,565,060	4,744,436	54,230,483	79,097,637
Expected credit loss	8,156	105,094	45,933	118,583	1,385,972	1,663,738
Set out below is the movement in the allowance for expected credit losses of trade receivables:						
In thousands of Naira						
					Group 2018	2017
Balance as at 1 January 2018 under IAS 39					1,259,839	629,768
Adjustment upon application of IFRS 9					403,899	-
Balance as at 1 January 1/ 2018 January 2017- As restated					1,663,738	629,768
Provision for expected credit losses					2,101,221	630,071
Write-off					-	-
Changes in credit risk parameters					-	-
Balance at 31 December					3,764,960	1,259,839

Expected credit loss measurement - other financial assets

"The Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). "

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

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

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

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2017 and 31 December 2018.

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

Company

Key drivers EDIF 3	ECL Scenario	2019	2020	2021	2022	2023	Subsequent years
		2018	2019	2020	2021	2022	
GDP growth	Upturn	0.26	0.29	0.32	0.35	0.38	0.41
	Base	0.20	19.00	0.15	0.16	0.14	0.15
	Downturn	0.14	0.11	0.08	0.05	0.02	0.01-
Oil Price %	Upturn	56.00	59.00	62.00	65.00	68.00	71.00
	Base	55.00	57.00	62.00	54.00	56.00	57.00
	Downturn	44.00	41.00	38.00	35.00	32.00	29.00
Exchange rate %	Upturn	180.00	175.00	170.00	165.00	160.00	155.00
	Base	199.50	209.48	219.95	230.95	242.49	254.62
	Downturn	204.75	214.99	225.74	237.02	248.87	261.32
Inflation rate %	Upturn	26.00	24.00	22.00	20.00	18.00	16.00
	Base	31.00	32.00	33.00	34.00	35.00	36.00
	Downturn	34.00	36.00	38.00	40.00	42.00	44.00
Group and Company							
1 January, 2018							
Key drivers	ECL Scenario	2018	2019	2020	2021	2022	Subsequent years
		2019	2020	2021	2022		
GDP growth	Upturn	0.23	0.26	0.29	0.32	0.35	0.38
	Base	0.20	0.20	19.00	0.15	0.16	0.14
	Downturn	0.17	0.14	0.11	0.08	0.05	0.02
Oil Price %	Upturn	53.00	56.00	59.00	62.00	65.00	68.00
	Base	50.00	55.00	57.00	62.00	54.00	56.00
	Downturn	47.00	44.00	41.00	38.00	35.00	32.00
Exchange rate %	Upturn	180.00	175.00	170.00	165.00	160.00	155.00
	Base	199.50	209.48	219.95	230.95	242.49	254.62
	Downturn	204.75	214.99	225.74	237.02	248.87	261.32

Inflation rate %	Upturn		Base		Downturn		Upturn		Base		Downturn	
	185.00	190.00	195.00	28.00	30.00	32.00	24.00	32.00	36.00	22.00	33.00	38.00
	175.00	209.48	214.99	170.00	219.95	225.74	165.00	230.95	237.02	180.00	204.75	204.75
	180.00	199.50	204.75	185.00	190.00	195.00	175.00	209.48	214.99	170.00	219.95	225.74
	185.00	190.00	195.00	180.00	199.50	204.75	165.00	230.95	237.02	180.00	204.75	204.75
	185.00	190.00	195.00	180.00	199.50	204.75	165.00	230.95	237.02	180.00	204.75	204.75

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

31-Dec-18	Group			Company		
	Short-term deposits	Loan receivables	Total	Short-term deposits	Loan receivables	Total
Upside(%11)	156	6,093	6,249	156	319,741	325,989
Base (%80)	1,162	40,038	41,200	1,162	3,256,305	3,297,505
Downturn(%9)	144	5,222	5,366	144	295,145	300,511
Total	1,461	51,353	52,814	1,461	3,871,191	3,924,006

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

Loan receivables

Group	Stage 1 N:000	Stage 2 N:000	Stage 3 N:000	Total N:000
Gross carrying amount as at 1 January 2018	5,101,911	-	-	5,101,911
Additions	1,491,000	-	-	1,491,000
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	6,592,911	-	-	6,592,911

Loan receivables

	Stage 1 N:000	Stage 2 N:000	Stage 3 N:000	Total N:000
ECL allowance as at 1 January 2018	56,190	-	-	56,190
Charged for the year	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(4,837)	-	-	(4,837)
At 31 December 2018	51,353	-	-	51,353

Short-term deposits

Group	Stage 1 N:000	Stage 2 N:000	Stage 3 N:000	Total N:000
Gross carrying amount as at 1 January 2018	-	-	-	-
Additions	1,376,959	-	-	1,376,959
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	1,376,959	-	-	1,376,959

	Stage 1 N:000	Stage 2 N:000	Stage 3 N:000	Total N:000
ECL allowance as at 1 January 2018	-	-	-	-
Charged for the year	1,461	-	-	1,461
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	1,461	-	-	1,461

Short-term deposit

Company	Stage 1 N:000	Stage 2 N:000	Stage 3 N:000	Total N:000
Gross carrying amount as at 1 January 2018	-	-	-	-
Additions	102,959	-	-	102,959
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	102,959	-	-	102,959

	Stage 1	Stage 2	Stage 3	Total
	N:000	N:000	N:000	N:000
ECL allowance as at 1 January 2018	-	-	-	-
Charged for the year	1,461	-	-	1,461
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	1,461	-	-	1,461

Company	Stage 1	Stage 2	Stage 3	Total
	N:000	N:000	N:000	N:000
Due from related companies and loan receivables				
Gross carrying amount as at 1 January 2018	24,199,077	-	-	24,199,077
Additions	7,662,218	-	-	7,662,218
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	31,861,295	-	-	31,861,295

	Stage 1	Stage 2	Stage 3	Total
	N:000	N:000	N:000	N:000
ECL allowance as at 1 January 2018	2,669,610	-	-	2,669,610
Charged for the year	1,252,934	-	-	1,252,934
At 31 December 2018	3,922,544	-	-	3,922,544

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and preference shares. The Group's policy is that not more than 25% of borrowings should mature in the next 12-month period. Approximately 10% of the Group's debt will mature in less than one year at 31 December 2018 (2017: 11%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration

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

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

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

Group	Year ended 31 December 2018						Total days
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	3,346,434	18,963,131	55,773,914	27,886,957	5,577,391		111,547,827
Trade and other payables	-	68,641,953	-	-	-		68,641,953
	3,346,434	87,605,084	55,773,914	27,886,957	5,577,391		180,189,780
Group	Year ended 31 December 2017						Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	10,604,480	16,844,828	12,218,196	72,174,309	257,520		112,099,333
Trade and other payables	-	61,627,607	-	-	-		61,627,607
	10,604,480	78,472,435	12,218,196	72,174,309	257,520		173,726,940
Company	Year ended 31 December 2018						Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	2,415,196	4,226,593	5,434,191	-	-		12,075,980
Trade and other payables	-	3,054,475	-	-	-		3,054,475
	2,415,196	7,281,068	5,434,191	-	-		15,130,455
Company	Year ended 31 December 2017						Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	4,993,836	3,284,143	3,260,347	10,154,984	-		21,693,310
Trade and other payables	-	3,702,299	-	-	-		3,702,299
	4,993,836	6,986,442	3,260,347	10,154,984	-		25,395,609

Changes in liabilities arising from financing activities

Group	1 January 2018	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2018
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Current interest-bearing loans and borrowings	36,509,388	10,208,575	(19,095,017)	3,195,761	-	23,355,397	54,174,104
Non-current interest-bearing loans and borrowings	75,589,945	5,139,175	-	-	-	(23,355,397)	57,373,723
Dividends payable	4,063,921	-	-	-	(9,496,282)	8,133,625	2,701,264
Total liabilities from financing activities	116,163,254	15,347,750	(19,095,017)	3,195,761	(9,496,282)	8,133,625	114,249,091
Group	1 January 2017	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2018
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Current interest-bearing loans and borrowings	25,600,695	21,681,112	(23,613,898)	4,623,547	-	8,217,932	36,509,388
Non-current interest-bearing loans and borrowings	72,943,568	-	-	-	-	2,646,377	75,589,945
Dividends payable	524,215	-	-	-	(4,486,338)	8,026,044	4,063,921
Total liabilities from financing activities	99,068,478	21,681,112	(23,613,898)	4,623,547	(4,486,338)	18,890,353	116,163,254
Company	1 January 2018	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2018
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Current interest-bearing loans and borrowings	10,223,021	5,224,555	(1,219,426)	-	-	(2,152,170)	12,075,980
Non-current interest-bearing loans and borrowings	11,470,290	-	(1,522,585)	-	-	(9,947,705)	-
Dividends payable	-	-	-	-	-	-	-
Total liabilities from financing activities	21,693,311	5,224,555	(2,742,011)	-	-	(12,099,875)	12,075,980

Changes in liabilities arising from financing activities

Company	1 January 2017	Additional loan	Loan repayment	Foreign exchange	Dividend paid	Others	31 December 2017
	₩'000	₩'000	₩'000	₩'000	₩'000	₩'000	₩'000
Current interest-bearing loans and borrowings	10,987,060	-	(23,613,898)	-	-	22,849,859	10,223,021
Non-current interest-bearing loans and borrowings	8,231,283	-	-	-	-	3,239,007	11,470,290
Dividends payable	-	-	-	-	4,486,338	-	-
Total liabilities from financing activities	19,218,343	-	(23,613,898)	-	4,486,338	3,239,007	21,693,311

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings including the effect of subsequent measurement of below the market rate interest-bearing loans and borrowings at amortised cost using the effective interest rate EIR method, the accrual of non-controlling interest dividends that were not yet paid at the year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

23. Inventories

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Food and beverage	123,922	231,431	-	-
Fuel	128,497	100,659	-	-
Engineering spares	4,438,126	4,165,788	-	-
Guest supplies	121,368	148,731	-	-
	4,811,913	4,646,609	-	-

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

24. Trade and other receivables

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Receivables from third-party customers	80,825,307	79,097,637	-	-
Receivables from other related parties (Note 33)	-	570,278	26,435,051	18,402,380
Other receivables	6,592,911	5,101,911	5,426,244	5,796,697
	87,418,218	84,769,826	31,861,295	24,199,077
Allowance for expected credit losses	(3,816,313)	(1,298,025)	(3,922,544)	(1,526,974)
	83,601,905	83,471,801	27,938,751	22,672,103

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

For terms and conditions relating to related party receivables, refer to Note 33.

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

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
As at 1 January	1,298,025	712,997	1,526,974	692,134
Impact of adopting IFRS 9	1,593,295	-	1,142,636	-
Provision for expected credit losses	924,993	585,028	1,252,934	834,840
	3,816,313	1,298,025	3,922,544	1,526,974

Information about the credit exposures are disclosed in Note 22.4.

25. Prepayment and other assets

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Prepayment	314,435	69,752	243,981	-
Dividend receivable	-	-	-	711,657
Other assets	461,760	356,058	-	77,040
	776,195	425,810	243,981	788,697
Current	554,275	372,800	58,333	788,697
Non-current	221,920	53,010	185,648	-

26. Cash and short term deposit

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Cash on hand	20,036	32,247	102	57
Cash at banks	2,232,836	5,566,035	9,151	339,917
Short term deposit	1,376,959	-	102,959	-
	3,629,831	5,598,282	112,212	339,974
Allowance for expected credit losses	(1,461)	-	(1,461)	-
	3,628,370	5,598,282	110,751	339,974

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

Set out below is the movement in the allowance for expected credit losses of short term deposit:

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
As at 1 January	-	-	-	-
Provision for expected credit losses	1,461	-	1,461	-
	1,461	-	1,461	-

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

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Cash and short term deposit	3,628,370	5,598,282	110,751	339,974
Cash and cash equivalents	3,628,370	5,598,282	110,751	339,974

27. Issued capital and reserves

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000

Authorised shares

45,000,000,000 ordinary shares of 50 kobo each	22,500,000	22,500,000	22,500,000	22,500,000
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	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000

Ordinary shares issued and fully paid

40,647,991 ordinary shares of 50k each	20,323,996	20,323,996	20,323,996	20,323,996
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Share premium

At 1 January	6,249,871	6,249,871	6,249,871	6,249,871
At 31 December	6,249,871	6,249,871	6,249,871	6,249,871

28. Other reserves

Other reserves relates to gains and losses from valuation of available-for-sale equity investments. This is a non distributable reserve.

29. Contract liabilities

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Short-term advances for hospitality services (Note 26.1)	29,499	35,664	-	-

This relates to consideration paid by the customer before the Group transfers goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (refer to Note 4).

29.1 Short-term advances for hospitality services

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
At 1 January	35,664	41,100	-	-
Deferred during the year	29,499	35,664	-	-
Recognised as revenue during the year	(35,664)	(41,100)	-	-
At 31 December	29,499	35,664	-	-
Current	29,499	35,664	-	-

30. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Trade payables	40,119,878	41,054,748	-	-
Related parties	-	186,389	-	2,940,353
Other payables (Note 30.1)	28,522,075	25,445,173	3,054,475	2,636,946
	68,641,953	66,686,310	3,054,475	5,577,299

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months
- For terms and conditions with related parties, refer to Note 33

For explanations on the Group's liquidity risk management processes, refer to Note 22.4.

30.1 Other payables

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
VAT payable	140,707	262,783	37,393	135,930
Accrued liabilities	23,326,359	18,795,266	792,957	305,016
Dividend payable	2,701,264	4,063,921	-	-
Security deposits from guests	129,620	127,203	-	-
Advanced deposit (Note 30.2)	1,875,000	1,875,000	1,875,000	1,875,000
Unclaimed dividend	349,125	321,000	349,125	321,000
	28,522,075	25,445,173	3,054,475	2,636,946

30. Trade and other payables continued

30.2 Advanced deposit - Sacoil / Equity, Energy and Resource (EER) farm-in fees

Payment of N1.875billion (2017:N1.875billion) relates to farm-in fee of \$12.5 million received from EER/SacOil being part of the consideration for assignment of certain interest in Oil Prospecting License 281 (OPL 281) to EER and SacOil, subject to ministerial consent. The farm-in process was not completed.

In 2015, SacOil indicated its intention to discontinue its interest in OPL 281 and served the Company with a notice to refund the farm-in fee with interest totalling \$19million. The Company instituted a suit against EER & SacOil for breach of contract and is claiming \$50million in damages while contesting the refund request by SacOil. Sacoil and the Company have also reached an understanding to resolve the issues amicably.

As at date of approval of these financial statements, the directors, based on representation from their legal advisers expects that there is no likelihood of unfavourable outcome in the suit. The directors are furthered assured by the amicable resolution commitment of the parties.

31. Deposit for shares

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
	2,410,000	2,410,000	-	-

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

32. Commitments and contingencies

Operating lease commitments – Group as a lessee

The Group has entered into operating leases on certain facilities and equipment, with lease terms of ten years period. The Group has the option, under some of its leases, to lease the assets for an additional term of five years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Within one year	16,741	16,741	-	-
After one year but not more than five years	36,272	53,013	-	-
More than five years	-	-	-	-
	53,013	69,754	-	-

Commitments

At 31 December 2018, the Group had commitments of N3.7 billion (2017: N8.2 billion) relating to the expansion and upgrade of the hotel.

Legal claim contingency

The group is involved in some legal action in the ordinary course of the business. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

33. Related party disclosures

Note 7 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Group - 2018

The Group has no outstanding balance with related parties at year end.

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	N'000	N'000	N'000	N'000
Group - 2017				
Entity with significant influence over the Group:				
Trans Niger Oil & Gas Limited	-	-	570,278	-
Tenoil Petroleum and Energy Services Limited	-	-	-	186,389
	-	-	570,278	186,389

Company - 2018

Subsidiary and other related parties

Transcorp Power Limited	-	-	15,758,732	-
Teragro Commodities Limited	-	-	1,742,744	-
Transcorp Energy Limited	-	-	-	-
Transcorp staff share	-	-	352,901	-
Transcorp OPL 281 Limited	-	-	6,101,761	-
Transcorp Hotels Plc	-	-	2,460,080	-
Transcorp Hotels Calabar Limited	-	-	18,833	-
	-	-	26,435,051	-

Company - 2017

Entity with significant influence over the Group:

Trans Niger Oil & Gas Limited	-	-	567,086	-
Tenoil Petroleum and Energy Services Limited	-	-	-	186,389
	-	-	567,086	186,389

Subsidiary and other related parties

Transcorp Power Limited	-	12,224,419		
Teragro Commodities Limited		-	9,500	
Transcorp Energy Limited		155,114	9,900	
Transcorp OPL 281 Limited		5,389,634	500	
Transcorp Hotels Plc		49,029	2,703,064	
Transcorp Hotels Calabar Limited		17,098		
Transcorp Refining Company Limited (Inactive)				1,000
Transcorp Telecomms Limited (Inactive)				10,000
Transcorp Trading and Logistics Limited (Inactive)				10,000
Transcorp Properties Limited				10,000
	-	18,402,380	2,940,353	

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Other subsidiaries

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

Other intercompany balances relates to payment made or received on behalf of the Company's subsidiaries.

Compensation of key management personnel

	Group		Company	
	2018	2017	2018	2017
	N'000	N'000	N'000	N'000
Emoluments of directors				
Salaries and other short-term employee benefits	623,804	445,839	348,754	291,436
Defined contributions	14,227	10,933	10,133	6,035
Fees and allowances	12,700	13,860	6,500	4,950
Total compensation paid to key management personnel	650,731	470,632	365,387	302,421
Amount paid to the highest paid director (excluding pension contributions)	100,210	100,210	100,210	100,210
Chairman's emoluments				
Fees	12,500	800	800	800
Benefits in kind	36,138	36,138	36,138	36,138
	48,638	36,938	36,938	36,938

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

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	
	2018	2017	2018	2017
	Number	Number	Number	Number
Less than N10,000,000	16	10	2	-
Over N10,000,000	9	14	6	6
	25	24	8	6

34. Staff numbers and costs

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

Staff Numbers per grade	Group		Company	
	2018	2017	2018	2017
	Number	Number	Number	Number
Managerial	97	96	8	8
Senior staff	345	342	9	6
Others	1,089	1,087	3	7
	1,531	1,525	20	21
N240,000- N500,000	-	-	-	-
N500,001-N1,000,000	668	668	-	-
N1,000,001-N2,000,000	459	458	3	3
N2,000,001-N4,000,000	114	110	3	0
N4,000,001- N5,000,000	187	187	2	6
Above N5,000,000	103	102	12	12
	1,531	1,525	20	21

Staff costs for the above persons (excluding Directors):

	Group		Company	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Salaries and wages	1,955,795	1,839,758	250,655	224,020
Pension cost	167,519	149,570	17,029	12,910
	2,123,314	1,989,328	267,684	236,930

35. Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A specific adaptation for contracts with direct participation features (the variable fee approach)

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely its of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Group is currently assessing the potential effect of IFRS 16 on its consolidated financial statements.

36. Events after the reporting period

At the date of this report, there have been no significant events after the reporting date, which would have a material effect on the financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF VALUE ADDED

	Group		Company		2018		2017	
	2018 N'000	%	2017 N'000	%	2018 N'000	%	2017 N'000	%
Revenue	104,162,785		80,284,959		8,899,967		5,121,992	
Other	(2,170,614)		(3,194,590)		2,040,445		1,335,228	
	101,992,171		77,090,369		10,940,412		6,457,220	
Bought in services								
- Foreign	(43,644,845)		(32,638,773)		(3,728,854)		(506,077)	
- Local	(29,096,563)		(21,759,182)		(2,485,902)		(337,384)	
Total Value added	29,250,763		22,692,414		4,725,656		5,613,759	
Applied as follows:								
Employees								
Salaries and other labour related benefits	4,472,681	15	4,121,126	18	267,684	6	236,930	4
Provider of funds								
Dividend	-		-		-		-	
Government								
Taxation	2,606,909	9	1,690,384	7	1,094,518	23	698,533	12
Deferred tax	(831,489)	(3)	7,887	-	-		-	
The Future								
Amortisation	32,456	-	20,203	-	-		284	-
Depreciation	3,598,378	12	3,446,565	15	7,294	-	9,835	-
Retained profit	19,371,828	66	13,406,249	59	3,356,160	71	4,668,177	83
	29,250,763	100	22,692,414	100	4,725,656	100	5,613,759	100

CONSOLIDATED AND SEPARATE FIVE YEAR FINANCIAL SUMMARY

GROUP					
	2018	2017	2016	2015	2014
Assets	N'000	N'000	N'000	N'000	N'000
Non-current assets	204,543,332	191,432,812	170,942,327	152,124,317	134,742,937
Current assets	92,596,463	94,089,492	61,218,404	50,759,632	36,012,425
Total assets	297,139,795	285,522,304	232,160,731	202,883,949	170,755,362
Equity					
Issued capital	20,323,996	20,323,996	20,323,996	19,360,499	19,360,499
Share premium	6,249,871	6,249,871	6,249,871	7,213,368	7,213,368
Other reserves	1,522,942	2,777,781	(360,481)	(933,366)	(137,790)
Retained earnings	39,682,694	31,961,979	27,207,214	28,138,355	30,070,219
Equity attributable to equity holders of the parent	67,779,503	61,313,627	53,420,600	53,778,856	56,506,296
Non-controlling interests	37,573,202	34,394,170	33,027,997	33,726,375	33,248,555
Total equity	105,352,705	95,707,797	86,448,597	87,505,231	89,754,851
Liabilities					
Non-current liabilities	66,761,186	85,158,998	82,512,366	74,756,937	48,732,334
Current liabilities	125,025,904	104,655,509	63,199,768	40,621,781	32,268,177
Total liabilities	191,787,090	189,814,507	145,712,134	115,378,718	81,000,511
Total equity and liabilities	297,139,795	285,522,304	232,160,731	202,883,949	170,755,362

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS					
Revenue	104,162,785	80,284,959	59,424,619	40,753,506	41,338,136
Profit/(loss) before taxation	22,402,087	12,305,547	(5,928,348)	3,319,529	7,731,598
Taxation	(1,775,420)	(1,698,271)	4,801,350	(1,287,972)	(4,427,338)
Profit/(loss) after taxation	20,626,667	10,607,276	(1,126,998)	2,031,557	3,304,260

COMPANY					
	2018	2017	2016	2015	2014
Assets	N'000	N'000	N'000	N'000	N'000
Non-current assets	38,330,899	39,301,997	36,541,782	36,112,824	34,277,534
Current assets	28,107,835	23,800,774	21,371,921	20,506,655	19,964,436
Total assets	66,438,734	63,102,771	57,913,703	56,619,479	54,241,970
Equity					
Issued capital	20,323,996	20,323,996	20,323,996	19,360,499	19,360,499
Share premium	6,249,871	6,249,871	6,249,871	7,213,368	7,213,368
Other reserves	1,634,622	2,889,461	97,018	(475,867)	-
Retained earnings	9,612,181	6,143,818	4,274,614	5,123,707	6,887,323
Total equity	37,820,670	35,607,146	30,945,499	31,221,707	33,461,190

Liabilities

Non-current liabilities	13,242,511	11,470,290	8,231,283	10,045,155	9,469,009
Current liabilities	15,375,553	16,025,335	18,736,921	15,352,617	11,311,771
Total liabilities	28,618,064	27,495,625	26,968,204	25,397,772	20,780,780
Total equity and liabilities	66,438,734	63,102,771	57,913,703	56,619,479	54,241,970

STATEMENT OF PROFIT OR LOSS

Revenue	8,899,967	5,121,992	2,537,628	3,241,943	6,334,884
Profit/(loss) before taxation	5,705,517	2,567,737	(439,925)	1,037,146	3,287,079
Taxation	(1,094,518)	(698,533)	(409,168)	(477,479)	(808,774)
Profit/(loss) after taxation	4,610,999	1,869,204	(849,093)	559,667	2,478,305



05

SHAREHOLDERS INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting ("AGM") of Transnational Corporation of Nigeria Plc ("the Company") will hold at Transcorp Hilton Abuja, 1, Aguiyi Ironsi Street, Maitama, Abuja, F.C.T, on Friday, March 15, 2019, at 10.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To lay before the members, the Audited Financial Statements of the Company for the year ended December 31, 2018 and the Reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To approve the appointments of Mr. Valentine Ozigbo, Mr. Christopher Ezeafulukwe, Ms. Obi Ibekwe and Mrs. Toyin Sanni as Directors.
4. To re-elect the following Directors retiring by rotation: Mr. Tony Elumelu, CON and Mr. Emmanuel Nnorom.
5. To authorise Directors to fix the remuneration of the Auditors.
6. To elect/re-elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

7. To fix the remuneration of Directors for the year 2019.
8. To consider and if thought fit, pass the following as special resolutions:
 - 8.1 That the Company be and is hereby authorized to invest in, acquire or divest from any business and/or carry out as the Directors may deem appropriate and in accordance with any relevant laws, any actions, including but not limited to restructuring, reorganisation, reconstruction and business arrangement exercise and actions;
 - 8.2 That subject to regulatory approval, the Directors be and are hereby authorized to take all steps and do all acts that they deem necessary in furtherance of the above, including but not limited to appointing professional advisers and parties that they deem necessary, upon such terms and conditions that the Directors may deem appropriate.

Dated this 15th day of February, 2019

BY ORDER OF THE BOARD

Mrs. Helen Iwuchukwu
Group Company Secretary
FRC/2015/NBA/00000012716
Transnational Corporation of Nigeria Plc
38, Glover Road, Ikoyi, Lagos

NOTES

1. PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. For the appointment of the proxy to be valid, a proxy form must be completed and deposited at the office of the Company's Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, not later than 48 hours before the time fixed for the meeting. A blank proxy form is attached to the Annual Report.

2. DIVIDEND

If the dividend recommended by the Directors is approved by the shareholders at the Annual General Meeting, dividend will be paid by Tuesday, March 19, 2019 to the shareholders whose names appear in the Company's Register of Members at the close of business on Thursday, February 28, 2019.

3. CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Friday, March 1, 2019 to Tuesday, March 5, 2019 (both dates inclusive) for the purpose of updating the Register of Members.

4. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, LFN, 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM. The Securities and Exchange Commission's Code of Corporate Governance for Public Companies provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements.

5. E-DIVIDEND

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of e-dividend. Detachable application forms for e-dividend are attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrar as soon as possible.

6. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as unclaimed. Any shareholder affected by this notice is advised to contact the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos, to lay claim.

7. BIOGRAPHICAL DETAILS OF DIRECTORS FOR RE-ELECTION

The biographical details of the Directors standing for re-election are provided in the 2018 Annual Report and the Company's website at www.transcorpigeria.com.

8. E- ANNUAL REPORT PUBLISHED ON THE WEBSITE

In order to improve delivery of our Annual Report, we have inserted a detachable form in the 2018 Annual Report and hereby request shareholders to complete the form by providing their details and thereafter return same to the Registrars for further processing. In addition, an electronic version of the Annual Report is available on the Company's website at www.transcorpigeria.com.

9. RIGHTS OF SHAREHOLDERS TO ASK QUESTIONS

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such written questions must be submitted to the Company on or before Friday, March 8, 2019.

PROXY FORM

THIRTEENTH ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY, MARCH 15TH, 2019 AT TRANSCORP HILTON ABUJA, NO. 1, AGUIYI IRONSI STREET, MAITAMA, ABUJA AT 10.00AM

I/WE _____ being a member/members of TRANSNATIONAL CORPORATION OF NIGERIA PLC, hereby appoint:

_____ or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the THIRTEENTH Annual General Meeting of the Company to be held on Friday, March 15th, 2019 at Transcorp Hilton Abuja, 1 Aguiyi Ironsi Street Maitama Abuja, at 10.00 am and at any adjournment thereof.

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. This proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

NOTES:
Please sign this proxy form and forward it, so as to reach the registered office of the Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos, not later than 48 hours before the time fixed for the meeting. If executed by a Corporation, the Proxy Form must be under its common seal or under the hand of a duly authorized officer or attorney.

It is a requirement of the law under the Stamp Duties Act, Cap S8, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be stamped by the Commissioner for Stamp Duties.

	RESOLUTION	FOR	AGAINST	ABSTAIN
1	To lay before the members, the Audited Financial Statements for the year ended December 31, 2018, together with the Report of the Directors, Auditors and Audit Committee thereon.			
2	To declare a dividend of 3 kobo per share			
3	To approve the appointment of Mr. Valentine Ozigbo as a Director of the Company.			
4	To approve the appointment of Mr. Christopher Ezeafulukwe as a Director of the Company.			
5	To approve the appointment of Ms. Obi Ibekwe as a Director of the Company.			
6	To approve the appointment of Mrs. Toyin Sanni as a Director of the Company.			
7	To re-elect a retiring Director, Mr. Tony Elumelu, CON.			
8	To re-elect a retiring Director, Mr. Emmanuel Nnorom.			
9	To authorize Directors to fix the remuneration of the Auditors.			
10	To elect/re-elect members of the Audit Committee.			
11	To fix the remuneration of Directors for the year 2019.			
12	That the Company be and is hereby authorized to invest in, acquire or divest from any business and/or carry out as the Directors may deem appropriate and in accordance with any relevant laws, any actions, including but not limited to restructuring, reorganisation, reconstruction and business arrangement exercise and actions			
13	That subject to regulatory approval, the Directors be and are hereby authorized to take all steps and do all acts that they deem necessary in furtherance of the above, including but not limited to appointing professional advisers and parties that they deem necessary, upon such terms and conditions that the Directors may deem appropriate.			

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

TRANSNATIONAL CORPORATION OF NIGERIA PLC
Thirteenth Annual General Meeting

ADMISSION CARD

Please admit the Shareholder named on this Card or his duly appointed proxy to the THIRTEENTH Annual General Meeting of the Company to be held on Friday, March 15, 2019 at Transcorp Hilton Abuja, No 1, Aguiyi Ironsi Street, Maitama, Abuja at 10.00am. This admission card must be produced by the Shareholder in order to gain entrance into the Annual General Meeting.

Name of Shareholder

Address of Shareholder

Number of Shares Held

Signature

SHAREHOLDERS' E-SERVICES APPLICATION FORM



e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

* = Compulsory fields

1. *SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. *E-MAIL:

5. ALTERNATE E-MAIL:

6. *MOBILE NO.: 7. SEX: MALE FEMALE

8. ALTERNATE MOBILE NO.:

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.:

11. NAME OF STOCKBROKER:

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature:

Signature:

Joint/Company's Signatories

Company Seal (if applicable)

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. AFRICA PRUDENTIAL PLC
2. ABBEY MORTGAGE BANK PLC
3. AFRILAND PROPERTIES PLC
4. ALUMACO PLC
5. A & G INSURANCE PLC
6. A.R.M LIFE PLC
7. ADAMAWA STATE GOVERNMENT BOND
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPP AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
17. CORDROS MONEY MARKET FUND
18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. MED-VIEW AIRLINE PLC
26. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)
27. NEXANS KABLEMETAL NIG. PLC
28. OMOLUABI MORTGAGE BANK PLC
29. PERSONAL TRUST & SAVINGS LTD
30. P.S MANDRIDES PLC
31. PORTLAND PAINTS & PRODUCTS NIG. PLC
32. PREMIER BREWERIES PLC
33. RESORT SAVINGS & LOANS PLC
34. ROADS NIGERIA PLC
35. SCOA NIGERIA PLC
36. TRANSCORP HOTELS PLC
37. TRANSCORP PLC
38. TOWER BOND
39. THE LA CASERA CORPORATE BOND
40. UACN PLC
41. UNITED BANK FOR AFRICA PLC
42. UNITED CAPITAL PLC
43. UNITED CAPITAL BALANCED FUND
44. UNITED CAPITAL BOND FUND
45. UNITED CAPITAL EQUITY FUND
46. UNITED CAPITAL MONEY MARKET FUND
47. UNITED CAPITAL NIGERIAN EUROBOND FUND
48. UNITED CAPITAL WEALTH FOR WOMEN FUND
49. UNIC DIVERSIFIED HOLDINGS PLC
50. UNIC INSURANCE PLC
51. UAC PROPERTY DEVELOPMENT COMPANY PLC
52. UTC NIGERIA PLC
53. WEST AFRICAN GLASS IND PLC

OTHERS:

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advise us of the possibility of such damages, losses or expenses, whether express or implied in respect of such information."

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400

ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873

PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457

E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud



E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION

Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male Female

Surname/Company's Name First Name Other Name

Address

City State Country

Previous Address (if any)

Clearing House Number (CHN) (if any) Name of Stockbroking Firm

Mobile Telephone 1 Mobile Telephone 2

E-mail Address

Signature: Signature: Company Seal (if applicable)

Joint/Company's Signatories

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advise us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE

- | | |
|---|-------------------------------------|
| 1. AFRICA PRUDENTIAL PLC | <input checked="" type="checkbox"/> |
| 2. ABBEY MORTGAGE BANK PLC | <input type="checkbox"/> |
| 3. AFRILAND PROPERTIES PLC | <input type="checkbox"/> |
| 4. ALUMACO PLC | <input type="checkbox"/> |
| 5. A & G INSURANCE PLC | <input type="checkbox"/> |
| 6. A.R.M LIFE PLC | <input type="checkbox"/> |
| 7. ADAMAWA STATE GOVERNMENT BOND | <input type="checkbox"/> |
| 8. BECO PETROLEUM PRODUCTS PLC | <input type="checkbox"/> |
| 9. BUA GROUP | <input type="checkbox"/> |
| 10. BENUE STATE GOVERNMENT BOND | <input type="checkbox"/> |
| 11. CAP PLC | <input type="checkbox"/> |
| 12. CAPP AND D'ALBERTO PLC | <input type="checkbox"/> |
| 13. CEMENT COY. OF NORTHERN NIG. PLC | <input type="checkbox"/> |
| 14. CSCS PLC | <input type="checkbox"/> |
| 15. CHAMPION BREWERIES PLC | <input type="checkbox"/> |
| 16. CWG PLC | <input type="checkbox"/> |
| 17. CORDROS MONEY MARKET FUND | <input type="checkbox"/> |
| 18. EBONYI STATE GOVERNMENT BOND | <input type="checkbox"/> |
| 19. GOLDEN CAPITAL PLC | <input type="checkbox"/> |
| 20. INFINITY TRUST MORTGAGE BANK PLC | <input type="checkbox"/> |
| 21. INVESTMENT & ALLIED ASSURANCE PLC | <input type="checkbox"/> |
| 22. JAIZ BANK PLC | <input type="checkbox"/> |
| 23. KADUNA STATE GOVERNMENT BOND | <input type="checkbox"/> |
| 24. LAGOS BUILDING INVESTMENT CO. PLC | <input type="checkbox"/> |
| 25. MED-VIEW AIRLINE PLC | <input type="checkbox"/> |
| 26. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc) | <input type="checkbox"/> |
| 27. NEXANS KABLEMETAL NIG. PLC | <input type="checkbox"/> |
| 28. OMOLUABI MORTGAGE BANK PLC | <input type="checkbox"/> |
| 29. PERSONAL TRUST & SAVINGS LTD | <input type="checkbox"/> |
| 30. P.S MANDRIDES PLC | <input type="checkbox"/> |
| 31. PORTLAND PAINTS & PRODUCTS NIG. PLC | <input type="checkbox"/> |
| 32. PREMIER BREWERIES PLC | <input type="checkbox"/> |
| 33. RESORT SAVINGS & LOANS PLC | <input type="checkbox"/> |
| 34. ROADS NIGERIA PLC | <input type="checkbox"/> |
| 35. SCOA NIGERIA PLC | <input type="checkbox"/> |
| 36. TRANSCORP HOTELS PLC | <input type="checkbox"/> |
| 37. TRANSCORP PLC | <input type="checkbox"/> |
| 38. TOWER BOND | <input type="checkbox"/> |
| 39. THE LA CASERA CORPORATE BOND | <input type="checkbox"/> |
| 40. UACN PLC | <input type="checkbox"/> |
| 41. UNITED BANK FOR AFRICA PLC | <input type="checkbox"/> |
| 42. UNITED CAPITAL PLC | <input type="checkbox"/> |
| 43. UNITED CAPITAL BALANCED FUND | <input type="checkbox"/> |
| 44. UNITED CAPITAL BOND FUND | <input type="checkbox"/> |
| 45. UNITED CAPITAL EQUITY FUND | <input type="checkbox"/> |
| 46. UNITED CAPITAL MONEY MARKET FUND | <input type="checkbox"/> |
| 47. UNITED CAPITAL NIGERIAN EURO BOND FUND | <input type="checkbox"/> |
| 48. UNITED CAPITAL WEALTH FOR WOMEN FUND | <input type="checkbox"/> |
| 49. UNIC DIVERSIFIED HOLDINGS PLC | <input type="checkbox"/> |
| 50. UNIC INSURANCE PLC | <input type="checkbox"/> |
| 51. UAC PROPERTY DEVELOPMENT COMPANY PLC | <input type="checkbox"/> |
| 52. UTC NIGERIA PLC | <input type="checkbox"/> |
| 53. WEST AFRICAN GLASS IND PLC | <input type="checkbox"/> |

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400

ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873

PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457

E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud



E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME

2. *FIRST NAME 3. OTHER NAME

4. *GENDER M F 5. E-MAIL

6. ALTERNATE E-MAIL 7. *DATE OF BIRTH

8. *MOBILE (1) (2) DD MM YY YY

9. *ADDRESS

10. OLD ADDRESS (if any)

11. *NATIONALITY 12. *OCCUPATION

13. *NEXT OF KIN NAME MOBILE

14. *MOTHER'S MAIDEN NAME

15. BANK NAME 16. A/C NO.

17. A/C NAME 18. A/C OPENING DATE

19. BANK VERIFICATION NO. (BVN) 20. NAME OF STOCKBROKING FIRM

21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature:

Signature:

Joint/Company's Signatories

Company Seal (if applicable)

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advise us of the possibility of such damages, losses or expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE

- 1. AFRICA PRUDENTIAL PLC
- 2. ABBEY MORTGAGE BANK PLC
- 3. AFRILAND PROPERTIES PLC
- 4. ALUMACO PLC
- 5. A & G INSURANCE PLC
- 6. A.R.M LIFE PLC
- 7. ADAMAWA STATE GOVERNMENT BOND
- 8. BECO PETROLEUM PRODUCTS PLC
- 9. BUA GROUP
- 10. BENUE STATE GOVERNMENT BOND
- 11. CAP PLC
- 12. CAPP AND D'ALBERTO PLC
- 13. CEMENT COY. OF NORTHERN NIG. PLC
- 14. CSCS PLC
- 15. CHAMPION BREWERIES PLC
- 16. CWG PLC
- 17. CORDROS MONEY MARKET FUND
- 18. EBONYI STATE GOVERNMENT BOND
- 19. GOLDEN CAPITAL PLC
- 20. INFINITY TRUST MORTGAGE BANK PLC
- 21. INVESTMENT & ALLIED ASSURANCE PLC
- 22. JAIZ BANK PLC
- 23. KADUNA STATE GOVERNMENT BOND
- 24. LAGOS BUILDING INVESTMENT CO. PLC
- 25. MED-VIEW AIRLINE PLC
- 26. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)
- 27. NEXANS KABLEMETAL NIG. PLC
- 28. OMOLUABI MORTGAGE BANK PLC
- 29. PERSONAL TRUST & SAVINGS LTD
- 30. P.S MANDRIDES PLC
- 31. PORTLAND PAINTS & PRODUCTS NIG. PLC
- 32. PREMIER BREWERIES PLC
- 33. RESORT SAVINGS & LOANS PLC
- 34. ROADS NIGERIA PLC
- 35. SCOA NIGERIA PLC
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