



RC: 36985

CAPITAL HOTELS PLC

(Owners of Abuja Continental Hotel)

1, Ladi Kwali Street, Wuse Zone 4, P.M.B. 087, Garki, FCT, Abuja, Nigeria.

Tel: +234(9)4612000, www.capitalhotelsng.org, Email: info@capitalhotelsng.org

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2023

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of Capital Hotels Plc (The Company) will be held at **12 noon on Thursday, May 9, 2024 at Abuja Continental Hotels (Formerly Sheraton Hotels), 1, Ladi Kwali Way, Maitama, Abuja** for the following purposes:

ORDINARY BUSINESS

1. To lay before the Members the Audited Financial Statements for the year ended December 31, 2023, and the Reports of the Directors, Auditors and the Audit Committee thereon.
2. To re-elect Directors.
3. To elect Members of the Audit Committee.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To disclose the remuneration of the Managers of the Company.

SPECIAL BUSINESS

6. To fix the remuneration of the Directors.

Notes:

1. Proxies

A member entitled to attend and vote at this Annual General Meeting is also entitled to appoint a Proxy to attend and vote in his or her stead. A Proxy need not be a member of the Company. A Proxy Form is attached to the Annual Report. The Proxy Form must be stamped by the Commissioner for Stamp Duties. Valid Proxy Forms must be lodged with the Registrars not later than 48 hours before the meeting.

2 Audit Committee

In accordance with section 404 (6) of the Companies and Allied Matters Act 2020 (CAMA), any Member may nominate a Shareholder as a Member of Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the date of the Annual General meeting.

3 Closure of Register

The Register and Transfer Books of the Company will be closed to the public from Thursday April 25, 2024 to Monday April 29, 2024 both days inclusive.

4 Rights of Securities' Holders to ask Questions

Securities Holders have a right to ask questions not only at the meeting but also in writing prior to the meeting and such questions must be submitted to the Company on or before Thursday May 2, 2024.

5 Unclaimed Dividend Warrants and Share Certificates

Shareholders are hereby informed that a number of dividends warrants and share certificates have been returned to the Registers as "unclaimed". A list of all unclaimed dividends will be circulated

NOTICE OF ANNUAL GENERAL MEETING

with the Annual Report. Any Shareholder affected by this notice is advised to write to or call at the Company' Registrars, 21 Norman Williams Street, Ikoyi Lagos State office during normal working hours.

6 Website

A copy of this Notice and other information relating to the Annual General Meeting can be found on the Company's website at www.capitalhotelsng.org

BY ORDER OF THE BOARD



Alex Ugwunyi Esq

FRC/2017/NBA/00000016473
Company Secretary

28 March 2024

Board of Directors & Corporate Information

COMPANY REGISTRATION NO. RC 36985

Country of incorporation and domicile: Nigeria

Nature of business and principal activities: Hoteliers, hotel proprietors, hotel managers and operators.

DIRECTORS:

Mr. Ramesh Kansagra	Chairman
Hon. Lawal M. Idirisu	Independent Non-Executive Director -- Resigned WEF 26 October, 2023
Mr. Rishi Kansagra	Non-Executive Director
Alh. Abdulkadir A. Mamman	Non-Executive Director
Chief Paul Chukwuma Obi	Non-Executive Director
Mr. Chuma Anosike	Non-Executive Director
Mr. Ravi Bachu	Managing Director/ CEO
Mr. Nurudeen Abubakar	Independent Non-Executive Director -- Appointed WEF 29 January, 2024

COMPANY SECRETARY: Mr. Alex Ugwuanyi, Esq

REGISTERED OFFICE: 1, Ladi Kwali Street, Wuse Zone 4, Abuja

BUSINESS ADDRESS: 1, Ladi Kwali Street. Wuse Zone 4, Abuja.

TELEPHONE: +234 02094612000

PRINCIPAL BANKER
Polaris Bank LTD
Guaranty Trust Bank Plc
Zenith Bank Plc
Union Bank Plc
First City Monument Bank Plc

AUDITORS: Grant Thornton Nigeria
No. 2A Ogalade Close,
Off Ologun Agbaje Street,
Off Adeola Odeku Street,
Victoria Island Lagos.

Email: info@abujacontinental.com

Website: www.abujacontinental.com

Board of Directors & Corporate Information (Contd.)

OUR VISION, MISSION AND VALUES

Vision Statement

"To be the hospitality Company of first choice"

Mission Statement

"To delight our guests through excellent service delivery while creating value for all stakeholders"

Our Values

Service excellence

- Hospitable, transparent and accountable
- Strive to delight our customers
- Provide value proposition
- Continuous improvement

Upholding high ethical standards

- Build trust across Board
- Ethical buying
- Ethical business practices

Team-work

- Appreciate one another in the value chain
- Appreciate synergistic cooperation
- Complement one another

Value for stakeholders

- Create long term returns
- Deliver on promise
- Ensure consistent commitment to values
- Observance of regulatory guidelines

Associate development

- Encourage associates development
- Grow the leaders
- Capture excellence

Future oriented

- Anticipating future trend
- Staying ahead of competition

Environmental responsibility

- Responsive to the environment
- Socially responsible

Board of Directors & Corporate Information (Contd.)



Ramesh Kasangra
Chairman



Ravi Bachu
Managing Director/CEO



Chuma Anosike
Non-Executive Director



Rishi Kasangra
Non-Executive Director



Mr. Nurudeen Abubakar
Independent Non-Executive Director



Chief Paul Obi, KSC
Non-Executive Director



Alhaji Aminu Abdulkadir
Non-Executive Director



Hon. Lawal M. Idirisu
Independent Non-Executive Director

CAPITAL HOTELS PLC
Financial Highlights

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	2023	2022	Change %
Revenue	7,892,139	5,332,322	48
Profit/(Loss) before taxation	1,088,132	(808,281)	(235)
Taxation	(1,564,496)	648,377	(341)
Loss for the Year	(476,365)	(159,904)	198
Total assets	31,978,602	29,503,570	8
Capital expenditure	2,338,822	905,610	158
Authorised share capital	1,580,387,755	1,580,387,755	-
Number of 50k shares issued and fully paid up (absolute figures in units)	3,160,775,510	3,160,775,510	-

CHAIRMAN'S STATEMENT

Esteemed shareholders, respected regulators and distinguished guests, it is with great pleasure that I welcome you to the 43rd Annual General Meeting of Capital Hotels Plc on behalf of the Board of Directors. As we gather here today, I am honoured to present Capital Hotels Plc's financial statements and report for the year ended December 31, 2023.

2023 BUSINESS ENVIRONMENT

The global economy faced multiple challenges in 2023 including the ongoing war in Ukraine, rising inflation and central bank interest rate hikes. Despite these headwinds, the global economy showed surprising resilience with a growth rate of around 3%.

Nigeria faced various economic challenges such as strict enforcement of demonetisation policies, a heavily contested general election and global supply chain disruptions resulting from the ongoing Russia-Ukraine and energy and food crises. The increase in global policy rates significantly impacted investment and productivity in Nigeria worsening inflation rates and hindering economic growth. The government implemented stringent reforms such as removing fuel subsidies and aligning exchange rates which further impeded the performance of the real sector resulting in suppressed economic outcomes. As a result, Nigeria's economic growth remained fragile in 2023 with escalating inflationary pressures, exchange rate depreciation and fiscal constraints.

The hospitality sector witnessed a slowdown in Q2 2023 decreasing its contribution to GDP. Despite the slowdown, Nigeria remained an attractive market for hotel investment ranking second in Africa. Long-term forecasts for the hospitality sector remain positive driven by factors such as a rising middle class and increased investment in infrastructure.

OUR PERFORMANCE

The company has demonstrated a noteworthy performance improvement despite the challenging business environment including a record N7.89B in revenue this fiscal year as opposed to N5.33B in 2022. Its total assets have increased indicating a positive trend. The company's significant increase in capital expenditure is attributed to ongoing investments in its future capabilities and infrastructure which will help it stay competitive and thrive in the long run.

ONGOING HOTEL RENOVATION

As you know, our hotel is undergoing extensive and thorough renovations, our unwavering commitment to providing unparalleled hospitality services and maintaining a competitive edge in the industry has driven us to revamp our facilities comprehensively. The scope of the work includes completely transforming the hotel's facade, modernising guest rooms, upgrading our conference and banquet spaces, and enhancing our leisure amenities to meet our guests' ever-evolving expectations.

We firmly believe these improvements will significantly impact our bottom line not just upon completion but well into the future. These state-of-the-art accommodations will undoubtedly restore our hotel to its position as the premier five-star hotel in Abuja. Furthermore, upgrading our event spaces will attract more prestigious corporate and social events market segments thereby increasing our event-hosting revenue.

CHAIRMAN'S STATEMENT

We are confident that these strategic investments will elevate our guests' experience and strengthen our market position resulting in sustained profitability and increased shareholder value.

THE BOARD OF DIRECTORS

Mr. Chuma Anosike and Alhaji Aminu Abdulkadir are scheduled to retire by rotation in line with the company's Articles of Association. They are both eligible for re-election and will offer themselves for re-election at this Annual General Meeting. In addition, Alhaji Nurudeen Abubakar was appointed by the Board of Directors to fill a casual vacancy caused by the resignation of Hon. Idrisu Lawal. His appointment will be ratified by the shareholders at this Annual General Meeting in line with the company's Articles of Association.

DIVIDEND

We acknowledge the importance of dividends to our investors. However, considering the current economic situation and the company's life cycle, the Board cannot recommend dividend payments.

We want to assure our shareholders that the Board is fully committed to ensuring the company's growth and profitability. We will continue to assess the situation, considering the changing circumstances and keep our investors informed of any updates.

LOOKING AHEAD

The International Monetary Fund (IMF) has forecasted a global growth of 3.1% in 2024 and 3.2% in 2025, indicating a cautiously optimistic outlook for the world economy. However, these numbers are slightly below historical averages due to high debt and inflation. Inflation is expected to fall globally with an average of 5.8% in 2024 and 4.4% in 2025. This is mainly due to receding supply chain issues and central bank actions. Nonetheless, there are still some risks such as geopolitical tensions, supply chain disruptions and tighter financial conditions that could lead to a negative impact on the economy.

In Nigeria, GDP growth is expected to be around 3.1% to 3.7% thanks to recovering oil production and ongoing reforms. However, inflation remains a challenge and could affect consumer spending. Despite this, experts predict that inflation will likely decline slightly compared to 2023. Naira depreciation and high global commodity prices could also affect the economy.

To enhance guest experiences, we plan to focus on value-added services that offer unique offerings which will justify room rates despite inflation. Additionally, we will implement cost-saving measures to improve efficiency without compromising quality. We will utilise our online booking platforms and digital marketing to streamline operations and reach a wider audience.

CONCLUSION

I want to express our heartfelt gratitude to our board of directors, management team and staff for their remarkable contributions throughout the challenging year of 2023. Despite the hurdles posed by the economic climate and hotel renovations, your unwavering dedication and perseverance ensured the continued success of our hotel.

CHAIRMAN'S STATEMENT

We are grateful to our board of directors for their strategic guidance and unwavering support throughout the year. Their vision and leadership played a crucial role in navigating these challenging times.

To our management team, we appreciate your tireless efforts in overseeing daily operations and spearheading the renovation project. Your commitment to excellence has ensured a seamless guest experience and laid the foundation for our future growth.

We would also like to express our sincere thanks to our remarkable staff, your dedication and hard work on the front lines are the heart and soul of our hotel and your genuine hospitality sets us apart. We commend your unwavering commitment to providing exceptional services to our guests even amidst renovations.

Thanks to your exceptional efforts, we are well-positioned for a successful future. We are incredibly proud of what we have accomplished together in 2023 and are inspired to achieve even more significant milestones in the year ahead.

Thank you all.



Mr. Ramesh Kansagra

Chairman

FRC/2024/PRO/DIR/003/873807

2023 OPERATING ENVIRONMENT

The hospitality industry navigated a complex environment in 2023. Slow economic growth, inflation, and security concerns reduced business and leisure travel affecting occupancy rates. Rising inflation increased hotel costs, including food, utilities, and staff wages. As more hotels entered the market, guest competition intensified putting pressure on prices.

Although there were a few challenges along the way, there were opportunities for growth and development. The economy underwent sluggish growth registering a growth rate of approximately 2.4% for the first half of 2023 which was lower than in 2022. Nevertheless, many companies adapted to the slowdown by concentrating on effectiveness and novelty. Inflation persisted at a high level escalating to 28.92% by December which was more than the previous year's average. However, policymakers are taking steps to tackle inflation and eventually stabilise the economy.

Notwithstanding the depreciation of the Nigerian Naira against the US dollar, businesses are finding ways to mitigate the increased cost of imports by sourcing locally.

Although inadequate infrastructure remains a challenge, some areas have seen improvements and the government is investing in infrastructure development.

Additionally, security issues such as insurgency and crime continue to pose challenges but efforts are being made to address them through community engagement and law enforcement. Overall, the challenges faced during the year under review provided opportunities for growth and development.

RESULTS

The company has made remarkable progress compared to the previous year; this is a sign of positive development. In the year 2023, revenue increased significantly by 48% to N7.9B. Moreover, profit before taxation increased considerably from a loss of (N0.8B) in 2022 to a profit of N1.1B in 2023. Although the company incurred a net loss of N0.5B in 2023 due to accumulated deferred tax expenses, the overall trend is still promising.

The company's total assets increased to N32.4B in 2023 from N29.5B in 2022. This remarkable growth can be attributed to the ongoing renovations and upgrades in the hotel. Furthermore, capital expenditures also witnessed a significant increase to N2.3B in 2023 from N0.9B in 2022. These developments indicate a positive direction for the company's business and with continued efforts, it is expected to make a net profit soon.

INVESTMENTS

I am happy to report that we have made significant strides in completing various aspects of the work to enhance the overall guest experience. So far, we have refurbished the rooms in Tower 1B, renovated the Wazobia conference room, installed a new LKCC toilet, and beautified the hotel entrance. We have also made some infrastructure improvements such as renovating the car park flooring and roads, tiling the basement corridors, and building new clinic and staff facilities. Additionally, we have installed new water filtration plants, boilers, steam headers, and swimming pool filters. We have also added key new features such as new 1,800 KVA generators for the hotel and new cold rooms for the kitchen. We are thrilled with our progress so far and we can't wait for you to experience the updated facilities in person.

CEO'S REPORT

Although we still have numerous ongoing projects, we are working tirelessly to ensure that the hotel remains functional during this transformational period. We aim to provide a luxurious and sophisticated environment that caters to the needs of our guests and restores the company to profitability.

OUR PRIORITIES FOR 2024

We are committed to developing new strategies to strengthen our market position, enhance our resilience and emerge stronger from the current economic challenges and the business's life cycle. Our immediate focus will be ensuring our guests are fully satisfied through staff training, amenity upgrades personalized services that foster customer loyalty.

We will leverage technology to streamline our operations and implement cost-saving measures without compromising quality. We will also explore alternative suppliers, negotiate better rates, and focus on energy efficiency. Furthermore, we plan to develop staycation packages to mitigate the impact of fluctuating tourist demographics and cater to local events and conferences.

In addition, we will partner with local businesses to attractions to create value packages that showcase our hotel as a community hub. This will help promote the hotel and enhance its appeal to our guests.

APPRECIATION

Looking back on the past year, I am grateful to every one of your exceptional contributions. Although we faced challenges, we navigated them together with resilience and determination.

I thank our esteemed board members for your guidance and strategic vision. Your leadership has been instrumental in steering us forward.

To our exceptional management team, your dedication and tireless efforts are the backbone of our operations. You have fostered a collaborative environment that empowers our staff to excel.

To our fantastic staff, you are the true heart of Capital Hotels Plc. Your commitment to providing exceptional service is what makes us stand out. Thank you for your warm hospitality and for going the extra mile to ensure our guests have a memorable experience.

Finally, to our valued stakeholders and regulators, we deeply appreciate your continued support and trust. We are committed to exceeding your expectations and positively impacting the community.

Looking ahead, I am confident that with this remarkable team by my side, we will continue to achieve new heights of success. Thank you for being a part of our journey.



Ravi Bachu

MD/CEO

FRC/2023/PRO/DIR/071/893689

Report of the Directors

For the year ended December 31, 2023

The Directors are pleased to present to the members of Capital Hotels Plc their report together with the Audited Financial Statements for the year ended December 31, 2023.

Legal Form

Capital Hotels Plc was incorporated in Nigeria on 16 January 1981 under the Companies and Allied Matters Act as a private limited liability Company in accordance with the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. It became a Public Limited Company on 31 May 1986.

Capital Hotels Plc commenced business in January 1990. The Hotel now trades in the name and manner of Abuja Continental Hotel.

Principal activities

The company is engaged in the hospitality industry. It renders hotel services by providing exotic accommodation, mouth-watering cuisines, leisure and fitness facilities, conferencing facilities and fully equipped meeting rooms for business travelers and tourists. It boasts of the best ambience in the market.

Financial results for the year

The Company's result for the year ended December 31, 2023 is stated below. The loss for the year of N0.48 billion has been transferred to retained earnings. Presented below are the summarized results:

	2023	2022
	N'000	N'000
Revenue	<u>7,892,139</u>	<u>5,332,322</u>
Profit/(Loss) before taxation	<u>1,088,132</u>	<u>(808,281)</u>
Loss after taxation	<u>(479,008)</u>	<u>(159,904)</u>

Dividend

The Directors have not recommended the payment of dividend in respect of the year ended December 31, 2023. (2022: Nil)

Brief Resume of Directors

Mr. Ramesh Kansagra

(Appointed to the Board in August 2022)

Mr. Ramesh Kansagra is a First-Class Honors degree holder in Microbiology, University of London (1973). He is the Managing Director of Solai Holdings Ltd. (SHL) with over 30 years managing the Group. SHL has Net Asset Value in excess of GBP 160 million and USD 600 million. The Group has a diversified portfolio that includes Hospitality, Ceramic Industry, Food Industry, Petro chemicals and agriculture.

He is the Chairman of the Board of Directors of Capital Hotels Plc. He sits on the Board of several companies.

Mr. Ramesh Kansagra is a recipient of the honorary award of the Member of the Federal Republic of Nigeria (MFR).

Report of the Directors (contd.)

Mr. Ravi Bachu

(Appointed to the Board in August 2022)

Mr. Bachu is a Chartered Accountant and a Certified Company Secretary with about 24 years of corporate experience in the areas of Finance, Accounts, Taxation, Auditing, Management Information Systems and Annual/ Strategic Planning. He worked in various capacities in Multi-National firms in India and abroad engaged in the domain of Oil & Gas, Hospitality, Manufacturing and Consultancy.

He is the Managing Director/CEO of Capital Hotels Plc.

Mr. Chuma Anosike

(Appointed to the Board in August 2022)

Mr. Chuma Anosike is a Non-Executive Director of Capital Hotels Plc.

Mr. Anosike is a legal practitioner with over 30 years' post call experience and Managing Solicitor of the law firm of Chuma Anosike & Co. Mr. Anosike has business interests in Hospitality, Real Estate and Oil & Gas and is currently the President of the Nigeria Kenya Chamber of Commerce among other interests.

He serves as a member of the Statutory Audit Committee representing the Board.

Mr. Rishi Kansagra

(Appointed to the Board in August 2022)

Mr. Rishi Kansagra is a graduate of Harvard Business School and Somerville College, University of Oxford, having studied Philosophy, Politics and Economics.

He currently sits on various advisory Boards such as Vivo Energy, Iodine Global Network, Nipco Plc, Bridge International Academies in Nigeria, as well as being an Executive Director of Solai Holdings- a group operating in oil and gas, manufacturing and logistics assets throughout East and West Africa since 2006. He previously worked with Bank of England (2002 – 2004) and Chevron Corporation (2004-2006).

Chief Paul Obi (KSC)

(Appointed to the Board in August 2022)

Chief Paul Obi, a Lawyer, has been in active legal practice for thirty years. A graduate of the University of Lagos, he is a Notary Public. He is also an Associate member, Chartered Institute of Arbitrators, London as well as a member of International Bar Association. He has a master's degree in Law with specialization in Oil and gas law and Practice. He has a strong flair for Commercial practice and Civil litigation. He is the Managing Partner of P. C. OBI & Co, a firm of Legal Practitioners, which he established in 1993. The firm P.C. Obi & Co is the external Legal Adviser to 11 Plc. The firm also serves as Company Secretaries and Legal Advisers to many other corporate institutions across many sectors. Chief Paul Obi sits on several boards and is the Chairman of Obika Realtors Limited.

Report of the Directors (contd.)

Alhaji Abdulkadir Aminu Mamman

(Appointed to the Board in August 2022)

A civil engineer by profession, Alh. Abdulkadir Aminu Mamman has over 25 years of experience in oil and gas sector. He has successfully established and piloted numerous private Companies in oil and gas, which includes Azkard International Limited and A.A. Mbamba Petroleum Group, since early 90s to date. He is one of the founding fathers of Nipco Plc, as well as its Group Executive Director.

He has served on the Boards of several regulatory agencies in the petroleum sector, including Petroleum Products Pricing & Regulatory Agency (PPPRA) and the Petroleum Equalization Fund (PEF). He is the immediate past IPMAN National President and is currently the Chairman Board of Trustees of IPMAN. Alhaji Abdulkadir has also served the country under the Palliative Committee set up by then President, Chief Olusegun Obasanjo to cushion the effects of increase in price of petroleum products. He is a prestigious title holder of Adamawa Emirate.

Hon. Lawal M. Idirisu

Hon. Lawal Muhammadu Idirisu is a Nigerian entrepreneur and a member of the House of Representatives at the National Assembly, Abuja. His legislative interests border on Iron & Steel Development, Education, Power, Oil & Gas, Health, Aviation, Transportation and Human Rights.

Hon. Lawal sits on the board of a number of corporate organizations. He is an advocate for corporate governance in the private and public sectors.

The process of his appointment as an independent Non- Executive Director started in December 2022. The Board eventually confirmed his appointment on March 29, 2023.

Mr. Nurudeen Abubakar

Mr. Nurudeen Abubakar is a professional with over 20 years of experience in the Oil & Gas, Civil Service, Advertising, and Agro-allied industries. He holds an undergraduate degree in Business Administration, an MBA, and a Master's degree in Law Enforcement and Criminal Justice. He belongs to the following professional institutions; an associate member of the Nigerian Institute of Management (NIM), a Member of the Nigerian Institute of Public Relations (MNIPR), and a registered Member of the Advertising Regulatory Council of Nigeria (ARCON).

Mr. Abubakar started his career with the Nigerian National Petroleum Corporation (NNPC) as an NYSC member in the Procurement Department. He later worked with the Corporate Affairs Commission (CAC) serving in various capacities and rose to the position of Principal Manager.

He was elected to the Board of the Company on January 29, 2024, as an Independent Non-Executive Director subject to the ratification of the shareholders at the Company's Annual General Meeting scheduled to be held on May 9, 2024.

Report of the Directors (contd.)

Directors' Interest in contracts

None of the Directors has notified the Company for the purpose of section 303(1) of the Companies and Allied Matters Act 2020 of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Directors' Shareholding

The Directors' interest in the Issued Share Capital of the Company as recorded in the Register of Members and the Register of Directors' holdings and contracts as notified by them in compliance with section 275 of the Companies and Allied Matters Act are as follows:

	2023		2022	
	Direct	Indirect	Direct	Indirect
Chief Paul Chukwuma Obi	1,243,334	-	1,243,334	-

Share Capital and its Structure

The beneficial owners of the issued and fully paid share capital of the Company as at reporting date was:

	December 31, 2023		December 31, 2022	
	Number of shares	% holding	Number of shares	% holding
22 Hospitality Ltd	2,714,033,447	85.84	2,090,199,140	66.13
Hans-Gremlin Nig. Ltd	Nil	Nil	333,236,463	10.54
Continental Energy Resources Ltd	228,564,655	7.23	228,564,655	7.23
Oma Investment Ltd	Nil	Nil	228,648,915	7.23
Abuja Invt. & Prop. Dev. Co. Ltd	100,775,620	3.18	100,775,620	3.19
Bank of Industry Limited (NBCI)	13,200,000	0.41	13,200,000	0.42
Ministry of Finance Incorporated	Nil	Nil	31,348,113	0.99
Associated Ventures Int'l Ltd	Nil	Nil	21,562,293	0.68
Bank of Industry (NIDB)	28,464,040	0.90	28,464,040	0.90
Nigeria Re-insurance Corporation	31,059,600	0.98	31,059,600	0.98
Nigeria Airways Pension Board	Nil	Nil	7,374,400	0.23
Others	<u>46,342,271</u>	<u>1.46</u>	<u>46,342,271</u>	<u>1.48</u>
Total	<u>3,160,775,510</u>	<u>100.00</u>	<u>3,160,775,510</u>	<u>100.00</u>

We hereby declare that no other person(s) aside from the names listed therein holds more than 5% and/ or significant number of the issued and fully paid shares of the Company.

Report of the Directors (contd.)

Analysis of shareholding as at December 31, 2023

Share range			No. of shareholders	No. of shares held	% Holding
1	-	500	3,011	609,043	0.02
501	-	1,000	907	552,211	0.02
1001	-	5,000	1,295	2,356,601	0.07
5001	-	11,000	230	1,795,629	0.06
11,001	-	100,000	235	7,491,345	0.24
100,001	-	1,000,000	49	11,688,741	0.37
1,000,001	-	3,160,775,510	15	3,136,283,940	99.22
Grand Total			5,742	3,160,775,5510	100

Share capital history

Since its inception, the share capital of the Company has changed as follows:

Date	Authorized (N)	Issued and fully paid	Consideration
1981	1,000,000	1,000,000	Cash
1982	25,000,000	19,475,000	Cash
1985	50,000,000	30,700,000	Cash
1995	100,000,000	45,700,000	Cash
1998	200,000,000	91,400,000	Cash (Rights)
2000	200,000,000	100,540,000	Bonus: 1:10
2002	198,390,000	1,259,965,000	Debt conversion & privatization
2022	805,997,755	1,611,995,510	Cash

Directors' Remuneration

The Company ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its Regulators. In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission, the Company makes disclosure of the remuneration paid to its Directors as follows:

Type of package fixed	Description	Timing
Basic Salary	Part of gross salary package for Executive Director only that reflects the industry competitiveness.	Paid monthly during the financial year.
Other allowances	Part of gross salary package for Executive Director only	Payable at periodic intervals during the financial year.
Productivity bonus	Paid to Executive Director only and tied to performance of the line report.	Payable annually in arrears.
Directors' fees	Paid annually on the day of the Annual General Meeting (AGM) to Non-Executive Directors only	Paid annually
Sitting allowances	Allowances paid to Non-Executive Directors only, for attending Board and Board Committee meetings.	Paid after each meeting.

Report of the Directors (contd.)

Property, Plant and Equipment

Shown in Note 2 to the financial statements is the information relating to movement in property, plant, and equipment. In the opinion of the Directors, the market values of the properties are not less than the value shown in these financial statements.

Employment and Personnel matters

The Hotel believes and offers equal opportunity, diversity, and inclusion to all employees.

The following summarizes the Hotel's approach to personnel management:

a. Health, Safety and Welfare

The Company maintains business premises and work environments that guarantee the safety and health of its employees and other stakeholders. The Company reviews and tests regularly its rules and practices in this regard. The Company also provides free medical insurance for welfare of its employees and their families through selected health management organizations and hospitals.

This is in addition to the onsite clinic that takes care of emergencies and first aid. Professionally qualified and competent medical personnel operate the clinic to attend to the needs of the staff round the clock.

The Company also maintains a canteen service to ensure that members of staff on duty are well fed at no charge to them.

The Company provides protective clothing and appropriate gadgets to ensure the safety of all categories of staff including the engineering, housekeeping, security, concierge, and other essential services as their jobs demand.

The Hotel incentivizes its employees to gain their commitment. The incentives include contributory pension scheme to save for the rainy day, array of bonuses and periodic recognition for exemplary service. The Hotel experienced relatively stable and cordial employee relations during the year under review.

b. Employment of physically challenged persons

Capital Hotels Plc does not discriminate against the employment of less able and/or physically challenged persons. The Company makes every effort to encourage physically challenged persons to offer themselves for employment, to develop their skills, knowledge, and leadership quality. The Company has five (5) less-abled persons in its employment as at December 31, 2023.

c. Employee's Involvement & Training

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

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

Report of the Directors (contd.)

It also offers specialized training for the staff where the need arises. The essence of the exercise is to develop the skills, knowledge, and leadership quality of the employees in all departments of the hotel business.

COVID 19 Pandemic Response

Doing business in the new normal courtesy of the COVID-19 pandemic, the Hotel took extra measures to ensure the health and safety of our associates, guests and other stakeholders while making every effort to preserve shareholder value. Though the health alert has been relaxed in this clime, the Hotel is still conscious of these measures in its operation.

Acquisition of the Company's Shares

During the year under review, the Company did not acquire any of its own share.

Audit Committee

The members of the Statutory Audit Committee appointed at the Annual General Meeting held on May 17, 2023 in accordance with Section 359(3) of CAMA were:

- Barr. (Chief) C. F. Nwokocha (Member)+
- Mr. Olugbosun Banji (Member)+
- Mr. Patrick Ajudua (Member)+
- Hon. I. Lawal (Member) ++
- Mr. C. Anosike++

+ Shareholders' representatives

++ Non-Executive Director Members

Independent Director

In compliance with the directive contained in the Nigerian Code of Corporate Governance for Public Companies in Nigeria, the Company has an independent Director in the person of Hon. Lawal Muhammadu Idirisu in line with the provision of Section 275 of the Companies and Allied Act (CAMA) 2020.

Ethics and the business

High ethical standard is the hallmark of Capital Hotels Plc. The Company has put in place appropriate measures for the guests, staff and other stakeholders to bring to its attention, case(s) of unethical practices.

The Company has a dedicated procedure for reporting any deemed infractions of the policies of the Company or regulatory policies and/ or laws of the Federation.

Every staff signs on to a code of ethical behavior and conduct, a document which provides clear position on acts of corruption, bribery, money laundering, etc.

Report of the Directors (contd.)

Securities trading policy

The Company has adopted a securities trading policy regarding securities transaction by its directors. The Board ultimately has the responsibility for the Company's compliance with the rules relating to insider trading. The Company prohibits its directors, executives, and senior employees from dealing with the Company's shares in accordance with the Investment and Securities Act 2007. As required by law, the Annual Report discloses the number of shares Directors hold.

Risk Management Policy

The Nomination, Governance and Risk Committee of the Board oversees the function of assessing, managing, and mitigating the risks the Hotel faces in its operation. The details of the various types of risks to which the Hotel is exposed are captured in the Corporate Governance segment of this report as well as the Charter of the Nomination, Governance and Risk Committee available on the website of the Hotel.

The risk management policy, systems and practices of the Company are working efficiently and effectively.

Donations and Gifts

The Company did not make any donations during the year (2022: Nil), save for a visit to Charity Faith and Hope Orphanage, Gudu-Abuja. TAGGED "Take Care" Activity under the auspices of its corporate social responsibility.

As is customary, every department of the Hotel was represented in the team that visited the orphanage. Members of the team took turn to encourage the children in the Home to brighten their hope and aspiration in life. In addition to the motivational words, the children were treated to fun time with songs, stories, and educational information to create a transformative experience for them.

The children were treated to food, beverages, celebratory cake, and other food items (see picture in photo gallery).

Auditors

Grant Thornton was appointed Auditors of the Company in May 2023, and having expressed their willingness to continue in office, the Directors will be authorized to fix their remuneration.

Social (Corporate social responsibility)

CHP, a hospitality business, understands the challenges and benefits of doing business in the FCT, Nigeria and owes its existence to the people and societies within which it operates.

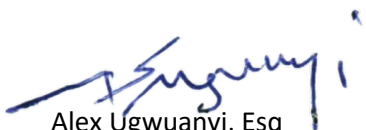
The Company is committed therefore not only to the promotion of its economic development but also to contributing to the well-being of the environment where it operates annually.

Events after the Reporting Date

The Directors are not aware of any material event that occurred after the reporting date and up to the date of this report, which have not been adequately provided for and which have a material effect on the financial position of the Company at December 31, 2023.

Report of the Directors (contd.)

Signed on behalf of the Board by:

A handwritten signature in blue ink, appearing to read 'Alex Ugwuanyi', with a stylized flourish at the end.

Alex Ugwuanyi, Esq

FRC/2017/NBA/000000016473

Company Secretary

28 March 2024

Corporate Governance Report

For the year ended December 31, 2023

We, at Capital Hotels Plc (“The Company”), are committed to continuously improving on the standard of corporate governance practices. Therein lies our culture of upholding high ethical standards, value for stakeholders and environmental responsibility.

1.0 Overview

Capital Hotels Plc (CHP) operates under a high standard of governance framework, which enables the Board to balance its role of providing oversight and strategic counsel with its responsibility to ensure service delivery and value creation for all stakeholders in conformity with regulatory requirements, performance standards and acceptable risk tolerance parameters. This is in line with CHP core guiding principles as captured in its vision, mission and values.

CHP is in business for the creation and delivery of long-term sustainable value in a manner consistent with its obligations as a responsible corporate citizen. It takes corporate governance very seriously as a critical facilitator towards the realization of long-term stakeholder value. The Board regularly reviews the corporate governance principles, processes and practices with a view to ensuring that they are in line with global best practice.

The Company complied with the provisions of the National Code of Corporate Governance issued by the Financial Reporting Council (FRC) and the Securities & Exchange Commission (SEC), together with its Audit Regulation, the Guidelines by the SEC and all applicable laws regulating corporate governance during the year ended December 31, 2023. In the course of the year under review, seven (7) members served on the Board of Directors.

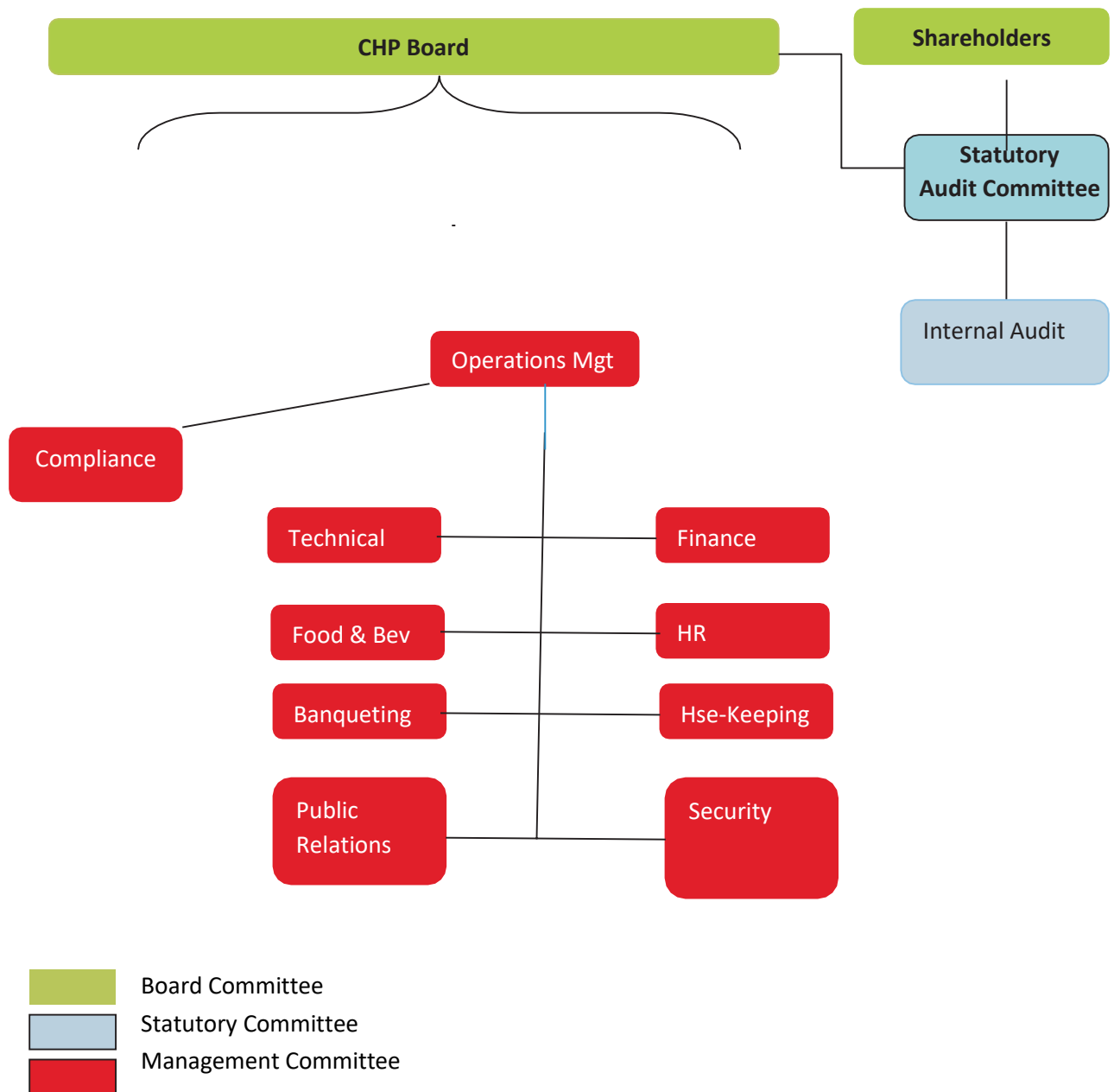
The Board of Directors comprise of the following committees:

- Business, Finance and Purchasing Committee
- Nomination, Governance and Risk Management Committee
- Statutory Audit Committee

1.1 Corporate governance framework

The corporate governance framework as set out below depicts how the executive management assists the chief executive in his task of creating shareholder-value. The Office of the Company Secretary regularly monitors Board delegated authority.

Corporate Governance Report (Contd.)



The Company, during the year ended December 31, 2023, complied with the Nigerian Code of Corporate Governance for Public 2018. Some of these corporate governance policies include:

- The Framework of the Governance Policies**
 It sets out the broad policies that govern the operation of the Company's business including measures for its review, revision and amendment.

Corporate Governance Report (Contd.)

- **The Charter documents for the Board and Board Committees**

The provisions of the Companies and Allied Matters Act (CAMA), 2020 is the principal source of the functions of the Board and the various Committees as adapted. The Charters contain operational methodologies of the respective Committees including their terms of reference, functions, composition, tenure and method of appointment of the members. The Charter documents are available for review at www.capitalhotelsng.org.

- **Code of Conduct**

This policy ensures that ethical issues are handled consistently across every sphere of the operation of the Company. It prescribes zero tolerance for corruption, including bribery, position on corporate gifts, conflict of interest, insider trading, and similar measures to which all members of staff undertake to abide with. It also states the sanctions for non-compliance.

1.2 Board of Directors

The Company has a Seven (7) member Board of Directors consisting of one (1) Executive, five (5) Non-Executive and one (1) Independent Non-Executive Directors.

The Chairman of the Board of Directors presides over Board meetings in accordance with the provisions of the Companies and Allied Matters Act, 2020 (CAMA) and the Board Governance Charter of the Company.

The Board meets at least five (5) times in a year. Disclosed in 1.5 below are the details of Directors' attendance of Board meetings in the Year 2023.

The Board establishes formal delegation 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 as indicated in the Board Charter. Any responsibility not delegated remains with the Board and its committees and this is discharged by Board members by bringing to bear their wealth of experience garnered from their respective chosen disciplines.

Corporate Governance Report (Contd.)

1.3 Membership of the Board

At the end of the year under review, the following members were on the Board of the Company:

S/N	DIRECTOR	POSITION	DATE APPOINTED TO THE BOARD	DATE RE-ELECTED/ APPOINTED	RESIGNATION/ RETIREMENT DATE
1	Mr. Ramesh Kansagra	Chairman	August 15, 2022	Nil	N/A
2	Mr. Ravi Bachu	Managing Director/ CEO	August 15, 2022	Nil	N/A
3	Mr. Chuma J. Anosike	Non-Executive Director	2011	Ni	N/A
4	Chief Paul Obi	Non- Executive Director	August 15, 2022	Nil	N/A
5	Mr. Rishi Kansagra	Non-Executive Director	August 15, 2022	Nil	N/A
6	Alh. Aminu Abdulkadir	Non- Executive Director	August 15, 2022	Nil	N/A
7	Hon. Idrisu Lawal	Independent Non-Executive Director	March 29 , 2023	Nil	October 26, 2023
8	Mr. Abatcha Bulama	Non-Executive Director	June 29, 2017	Nil	March 29, 2023
9	Mr. Robert Itawa	Executive Director	March 28, 2017	Nil	April 26, 2023
10	Mr. Pascal Demarchi	Executive Director	August 15, 2022	Nil	April 26, 2023
11	Mr. Toke Alex-Ibru	Non-Executive Director	June 29, 2017	Nil	April 26, 2023
12	Mr. Nurudeen Abubakar	Independent Non-Executive Director	January 29, 2024	Nil	N/A

1.4 Attendance at Board Meetings

The Board meets every quarter with Ad-Hoc meetings being held whenever deemed necessary. Directors, in accordance with the Articles of Association of the Company, attend meetings either in person or by proxy.

Corporate Governance Report (Contd.)

Directors are provided with comprehensive Board documentation at least a week prior to each of the scheduled meetings.

Attendance at Board meetings from January 1 – December 31, 2023 is set out in the following table:

Name	Jan. 27	March 29	April 26	July 25	Oct. 26
Ramesh Kansagra	YES	YES	YES	YES	YES
Ravi Bachu	YES	YES	YES	YES	YES
Chief Paul Obi	YES	YES	NO	YES	YES
Justin C. Anosike	YES	NO	YES	NO	YES
Rishi Kansagra	YES	YES	NO	NO	NO
Aminu Abdulkadir	YES	YES	YES	YES	YES
Hon. Idirisu Lawal	N/A	YES	YES	YES	NO

1.5 Company Committee and Board Committees

The Company and the Board established a number of Committees through which it carries out some of its functions by the application of transparent and accountable practices thereby assisting in fulfilling the stated objectives.

The Committees' roles and objectives are set out in their respective charters, which are reviewed periodically to ensure they remain relevant. The Charters set out the roles, responsibilities, scope of authority, composition of their respective committees and the procedures for reporting to the Board.

While delegating authorities to the respective committees, the ultimate responsibility rests with the Board. Details of these committees and their operations are summarized below:

1.6 Statutory audit committee (Company Committee)

The Statutory Audit Committee of the Company's functions have been developed in accordance with the provisions of Section 404 (2) of the Companies and Allied Matters Act (CAMA) Cap C20 LFN 2020. Its overall objective is to examine the External Auditor's report and make recommendations to the members of the Company at the Annual General Meeting as it may deem fit. Specifically, the Audit Committee during the year under review performed the following functions:

- a. Ascertained whether the accounting and reporting policies of the Company were in accordance with legal requirements and agreed ethical practices.
- b. Reviewed the scope and planning of audit requirements.
- c. Reviewed the findings on management matters in conjunction with the External Auditors and departmental responses thereon.
- d. Kept under review the effectiveness of the Company's system of accounting and internal controls.
- e. Made recommendations to the Board concerning the appointment, removal and remuneration of the External Auditors of the Company.
- f. Authorized the Internal Auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee.

Corporate Governance Report (Contd.)

The Committee has five (5) members, two (2) of whom are Non-Executive Directors while the remaining three (3) members are Shareholders elected at the Annual General Meeting (AGM). A shareholder representative chairs the Committee, whose membership is stated below.

As at December 31, 2023, the Statutory Audit Committee consisted of the following members:

Barr. (Chief) C. F. Nwokocha*	Chairman
Mr. Patrick Ajudua*	Member
Mr. Olugbosun Banji*	Member
Barr. J. C. Anosike**	Member
Hon Idirisu Lawal**	Member

* = Shareholders' Representative

** = Non-Executive Director

*** = Appointed WEF March 29, 2023, resigned WEF 26 October, 2023

The Shareholders re-elected the entire shareholders' representative on the Audit Committee at the AGM held on May 17, 2023.

The attendance of the members at meeting of the Statutory Audit Committee during the year is set out below:

Name	Jan. 26	March 28	April 25	July 24	Oct. 25
Barr. (Chief) C. F. Nwokocha	Yes	Yes	Yes	Yes	Yes
Mr. Patrick Ajudua	Yes	Yes	Yes	Yes	Yes
Mr. Olugbosun Banji	Yes	Yes	Yes	Yes	Yes
Barr. Justin C. Anosike	Yes	No	Yes	No	Yes
Hon Idirisu Lawal	N/A	N/A	Yes	Yes	No

1.7 The Management Team

The day-to-day conduct of the activities of the Company rests with the Executive Management Team (EMT). The EMT presents periodic reports to the Board and its Committees for consideration and approval. It executes Board policies and strategies for the creation of stakeholder value. The EMT prepares annual budgets/ financial plans for the approval of the Board to ensure achievement of set corporate objectives.

The EMT ensures the filing of appropriate Returns with the Regulatory Agencies.

During the year, the EMT comprises:

- The Managing Director/CEO
- General Manager of the Hotel
- Head of Operations
- Head of Finance
- Head, Internal Audit & Compliance
- Head, Human Resources
- Company Secretary

Corporate Governance Report (Contd.)

1.8 Internal Control/Audit

The primary functions of the Internal Audit are to review transactions entered into by the Company to ensure accuracy, completeness, compliance with laid down procedures/legality. Internal audit also provides assurance to the Board and Management Team that internal control measures are in place and adequate.

Apart from the Internal Audit Department taking specific responsibility for protecting the Company against fraudulent transactions, the entire staff and management of Capital Hotels Plc take ownership and responsibility for ensuring the safety of the assets of the Company. In addition, the Internal Audit Department ensures compliance with statutory and regulatory requirements, as well as internal control measures approved by the Board.

The Head of Internal Audit reports directly to the Statutory Audit Committee and the Board of Directors.

1.9 Relationship with Shareholders

As an indication of its fundamental responsibility to create shareholder value, effective and ongoing communication with Shareholders is essential. In addition to the ongoing engagement facilitated by the Company Secretary, the Hotel encourages Shareholders to attend the Annual General Meeting and/or other shareholder meetings for interaction. The Chairman of the Hotel's Audit Committee is available at the meeting to respond to questions from Shareholders.

At general meetings, members conduct voting either on a show of hands or on a poll depending on the subject matter of the required resolution. Every significant issue requires separate resolutions to be proposed.

1.10 Investor relations

The Company has an investors' relations unit under the EMT that provides briefings to all stakeholders on the operations of the Company and also files Statutory Returns to the Regulatory Authorities. This information is accessible on the stock exchange and Company website.

1.11 Communication policy

The Board and Management of the Company ensures that communication and dissemination of information regarding the operations and management of the Company to stakeholders is timely, accurate and continuous, to give a balance and fair view of the Company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Company's website: www.capitalhotelsng.org

Corporate Governance Report (Contd.)

1.12 Enterprise-wide risk management

The Directors are ultimately responsible for the Company's risk management systems and for reviewing its effectiveness. There is a Board committee that considers the company's significant risks and mitigating actions, including identifying, assessing, managing, monitoring and reporting on the significant risks faced by the Company.

1.13 Complaints management policy framework

In compliance with the Securities and Exchange Commission Rule relating to the Complaints Management Policy Framework of the Nigerian Capital Market (SEC Rules) issued in February 2015, Capital Hotels Plc has further strengthened its complaints management procedures. The Company has in place a formal complaints management policy by virtue of which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered and promptly resolved.

1.14 Going concern

The Board annually considers and assesses the going concern basis for the preparation of the financial statements at the year-end after receipt of the recommendation of the Audit Committee.

The Directors, at the end of 2023, have satisfied themselves that the Company is in a sound financial position and has adequate financial resources to continue in operational existence for the near future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

1.15 Induction and training

The Company has an induction programme to bring new Directors to speed, and includes one-on-one meetings with management to introduce new Directors to the Company's operations.

Directors are kept abreast of all relevant legislations and regulations as well as sector developments leading to changing risks to the organization on an on - going basis. We achieve this objective by way of management reporting and quarterly Board meetings, to form part of ongoing training, including familiarization with the content of the Nigerian Code of Corporate Governance 2018.

1.16 Company secretary

It is the role of the Company Secretary to ensure that the Board remains cognizant of its duties and responsibilities. In addition to providing the Board with guidance on its responsibilities, the Company Secretary keeps the Board abreast of relevant changes in legislation and governance best practices. The Company Secretary oversees the induction of new Directors and the ongoing training of Directors. All Directors have access to the services of the Company Secretary.

Corporate Governance Report (Contd.)

1.17 Directors' remuneration policy

The Board's remuneration policy takes into account the environment in which the Hotel operates and the results it achieves at the end of each financial year. It includes the following elements:

a. Non-Executive Directors

Components of remuneration are payable annually while sitting allowances accrue per meeting.

The Company sponsors Directors for training to enhance their duties to the enterprise as deemed appropriate.

b. Executive Directors

The remuneration policy for executive directors considers various elements, including fixed remuneration that takes into account the level of responsibility, and ensuring this remuneration is competitive with remuneration paid for equivalent posts of equivalent status within the industry.

There is also a variable annual remuneration linked to performance. The amount of this remuneration is subject to achieving specific quantifiable targets, aligned directly with shareholders' interests.

1.18 Board Effectiveness and Performance Evaluation

The Board focuses continuously on improving its corporate governance performance. This it does through a process of evaluating its effectiveness and that of the Board Committees and individual Directors.

The Board Chairman appraises each Executive and Non-Executive Directors' performance. The Non-Executive Directors in a meeting presided over by an Independent Non-Executive Director equally assess the Chairman's performance.

The exercise was conducted by an internal mechanism with the aim of assisting the Board and Board Committees to constantly improve their effectiveness. The Company Secretary supports the evaluation process through the review of the attendance of Directors at the meetings and activities of the various Board Committees of the Company.

The review covered the key decisions taken at the meetings of the Committees, the amount of follow-through assurances done through liaison with management. It also included assessment of Board's capability, process, structure, corporate governance, strategic clarity and alignment as well as the performance of individual Committees and Directors.

The performance of the Chairman is assessed annually by his management of proceedings at meetings; giving Board direction and strategic visioning for, and performance of the Company.

For the Board Committees, a similar assessment was made in 2023 in agreement with the Committee Chairmen and each Committee member. The assessment covered a number of areas, including the

Corporate Governance Report (Contd.)

role and responsibilities of each Committee, its organization and effectiveness and the qualifications of its members. The Committees at its meetings discuss the results of the assessments and further actions to take for improvement.

1.19 Whistle Blowing Procedures

The whistle blowing procedure of the Hotel guarantees anonymity for whistle blowers and the content thereof is contained via a link on the website of the Hotel. The procedure enables breaches of the code of Corporate Governance to be reported for appropriate investigation.

1.20 Gender diversity

The Company maintains gender diversity in employment for equity and productive working environment.

The ratio of women to men in the workforce is 6:4.

1.21 Human Resources Policies

The Company has internal control measures in place to ensure human resource practices comply with law and regulation in the remuneration of benefits for every category of employees.

1.22 Policy on data protection

The Hotel has in place a policy on data protection and a link thereto is on the website. Appropriate notice is conspicuously placed for guests to be acquainted with.

1.23 Sustainability report

The Company has chosen not to early adopt IFRS S1 and S2, however the continuing success of Capital Hotels Plc is hinged on its commitment to a culture of conducting its business in a sustainable manner, hence the disclosure below.

We developed our processes and practices to ensure our services continue to create enduring wealth for all stakeholders. Our core values of service excellence, high ethical standards, teamwork, value for money, associate development, future oriented and environmental responsibility drive our sustainability plan that forms the bedrock of our vision and mission statements.

In our drive to improve and continuously commit to a sustainable future and advance the social, economic and environmental well-being of the communities we operate in, the Board and management of Capital Hotels Plc understand that sustainability is the anchor for long-term value creation for our stakeholders.

We focused on three key areas, namely Environment, Social and Governance (ESG), which shows our role in, and contribution to society.

Corporate Governance Report (Contd.)

Environment

Based on World bank's projections, Nigeria will experience a rising demand for education and consumption, including medical services, housing, clothing and a lot more, which will put a lot of pressure on the environment. Our operation is to mitigate the adverse effect of the pressure on the environment in the following area:

Waste management

We handle waste management efficiently by providing the bedrock for recycling of waste via specially designed bins for different categories of waste. The process for extracting, refining, processing raw materials and recycling saves energy, reduces greenhouse gas emissions and fights climate change. Our green lawns and well-tended trees help absorb carbon dioxide while producing oxygen for humans.

Food waste

Our priority is to reduce food wastage by minimizing the overall amount of waste produced in our facility.

Governance

The corporate governance structure of Capital Hotels Plc is designed to continuously enhance stakeholder value in a sustainable way.

The Board of Directors provides leadership and direction to ensure the Company achieves its vision, mission and core values by making policies and procedures for the governance of the relationship between the Board and the management team on the one hand, and between the management team and the rest of the organs of management to create value for all stakeholders.

To achieve the set objectives, the Board deployed some governance layers aptly described in terms of Operations Management Team; Risk Management; Stakeholders' engagement; Policies & procedures.

Staff matters

The staff of Capital Hotels Plc form the most important factor of production who work as a team to deliver our core values.

Every staff irrespective of gender, tribe and religion is given equal opportunity to grow and excel, in diversity lies our strength. In our staff bouquet, the ratio of females to males is 6:4.

In hiring staff, our policy of no discrimination prevails. Competence, fitness for purpose and qualification is the bedrock of selection.

Corporate Governance Report (Contd.)

Service providers and suppliers

In accordance with the purchasing and procurement policy of the Company, all service providers and suppliers are brought to speed and are assisted to maintain quality standards in a sustainable way.

To enhance transparency, fairness and integrity, all service providers follow a transparent recruitment process and submit sealed bids in response to call for tenders.

Guests/ customers

We at Capital Hotels Plc know that customers are the reason we are in business. We do not take the patronage and loyalty of our guests for granted. We therefore seek to improve our services continuously to delight our customers. Our service culture is the best and there is no room for errors.

Our Service Excellence Team ensure that we deliver on cleanliness, safety and health promises to our patrons.

1.24 External Auditor

Grant Thornton was appointed in May 2023 as the Auditor of the Company. They have expressed their willingness to continue in office. The Directors shall seek approval from members at the Annual General Meeting to fix their remuneration.

Thank you.



Alex Ugwuanyi Esq.
FRC/2017/NBA/00000016473
Company Secretary

Dated March 28, 2024

Statement of Directors' Responsibilities

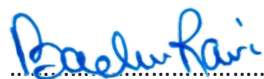
The Companies and Allied Matters Act, 2020 (as amended) requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include:

- a) Ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020 (as amended);
- b) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c) Preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, 2020 (as amended).

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

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



.....
Managing Director/CEO
Mr. Ravi Bachu
FRC/2023/PRO/DIR/071/893689

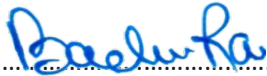


.....
Director
Alhaji Aminu Abdulkadir
FRC/2023/PRO/DIR/071/460507

Statement of Corporate Responsibility on Preparation of Financial Statements

Further to the provision of section 405 of the Companies and Allied Matters Act, 2020, we certify:

- a) that we have reviewed the Audited Financial Statements (AFS) of the Company for the year ended December 31, 2023.
- b) that the AFS represents the true and correct financial position of our Company as at the said date of December 31, 2023.
- c) that the AFS does not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- d) that the AFS fairly presents, in all material respects, the financial condition and results of operation of the company as of and for the year ended December 31, 2023.
- e) that we are responsible for establishing and maintaining internal controls and affirm that the company's internal controls were effective as of December 31, 2023.
- f) that all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data have been disclosed to the Independent Auditor and the Audit Committee.



.....
Managing Director/CEO
Mr. Ravi Bachu
FRC/2023/PRO/DIR/071/893689



.....
Chief Finance Officer
Babatunde Adebayo
FRC/2013/ICAN/0000000887

Management Certification On Internal Control Over Financial Reporting

In compliance with the provisions of section 1.3 of SEC Guidelines on implementation of sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements in relation to the internal controls of Capital Hotel Plc for the year ended December 31, 2023.

- a) Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding preparation of reliable financial statements suitable for external purposes in line with international financial reporting standards.
- b) The company's internal control system is supported by policies and procedures which ensure that transactions are fairly and accurately recorded in the books and audited by internal audit function.
- c) Management has assessed the effectiveness of the company's internal controls over financial reporting as of December 31, 2023 and there are no significant deficiencies and material weaknesses that will adversely affect the entity's ability to record, process, summarize and report financial information.
- d) Management used the criteria contained in "Internal Controls Integrated framework of the Committee of Sponsoring Organization (COSO) to conduct the assessment. As a result of this evaluation, management concludes that Capital Hotels Plc internal control over financial reporting as of December 2023 is effective.
- e) Grant Thornton, the external Auditors of Capital Hotels Plc, has audited the financial statements included in this report has issued its attestation report on management's assessment, and on the effectiveness of the company's internal controls over financial reporting.



.....
Ramesh Kansagra
Chairman
FRC/2024/PRO/DIR/003/873807

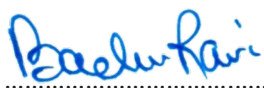


.....
Ravi Bachu
MD/CEO
FRC/2023/PRO/DIR/071/893689

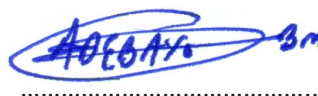
Certification of Management's Assessment on Internal Control Over Financial Reporting

In compliance with the sections 60-63 of Investments and Securities Act 2007, we certify for the year ended December 31, 2023 that:

- a) We have reviewed the Internal Control over Financial Report of Capital Hotels Plc;
- b) Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d) Capital Hotels Plc other certifying officer(s) and us:
 - I. are responsible for establishing and maintaining internal controls;
 - II. have designed or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAPs;
 - III. have evaluated the effectiveness of the internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) We have disclosed, based on our most recent evaluation of internal control system, to our Auditors, Board of Directors and the Audit committee:
 - I. all significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - II. any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f) We have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



.....
Managing Director/CEO
Ravi Bachu
FRC/2023/PRO/DIR/071/893689



.....
Chief Finance Officer
Babatunde Adebayo
FRC/2013/ICAN/0000000887

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF CAPITAL HOTELS PLC****Opinion**

We have audited the financial statements of **Capital Hotels Plc (the "Company")** which comprise of the statement of financial position as at **31 December 2023**, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, 2020

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 judgment, were of most significance in our audit of the financial statements of the current year. The key audit matters are not a comprehensive reflection of all matters discussed. These matters were addressed in the context of our audit of the financial statements, as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the 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 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 financial statements.

Other Information

The directors are responsible for the other information. The other information comprises of the Chairman's Statements, CEO's Report, Report of the Directors, Corporate Governance and Sustainability Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility for Preparation of the Financial Statements, Management's Assessment Report on Internal Control Over Financial Reporting, Certification of Management's Assessment on Internal Control Over Financial Reporting, Report of the Statutory Audit Committee and Other National Disclosures, 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 financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 auditor's 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management

Chartered Accountants**Grant Thornton Nigeria**

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Uchenna G. Okigbo
Ajayi O. Irivboje
Nonyerem O. Opara
Kingsley Opara
Lateef Emiola

INDEPENDENT PRACTITIONER'S REPORT

To the Members of Capital Hotels Plc

Report on an assurance engagement performed by an independent practitioner to report on management's assessment of internal controls over financial reporting.

Our Opinion

In our opinion, nothing has come to our attention that the internal control system over financial reporting put in place by management of Capital Hotels Plc (the "Company"), are not adequate as of 31 December 2023, based on the SEC Guidance on Implementation of Section 60–63 of The Investments and Securities Act 2007 issued by The Securities and Exchange Commission and FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

What we have performed

We have performed an assurance engagement on Capital Hotels Plc (the "Company"), internal control over financial reporting as of 31 December 2023 based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria. The company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's annual

assessment of, and report on Capital Hotels Plc (the "Company"), internal control over financial reporting.

Our responsibility is to express an opinion on the company's internal control over financial reporting based on our assurance engagement.

Basis for Opinion

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Chartered Accountants

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Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

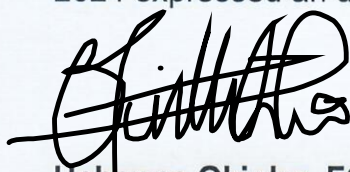
- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of

unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

We have also audited, in accordance with the International Standards on Auditing, the financial statements of Capital Hotels Plc (the "Company"), and our report dated 28 March 2024 expressed an unqualified opinion.



Uchenna Okigbo, FCA
FRC/2016/ICAN/00000015653
For: GRANT THORNTON
(Chartered Accountants)
Lagos, Nigeria.
Date: 28 March 2024



determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- i) Identify and assess the risks of material misstatement of the 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.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

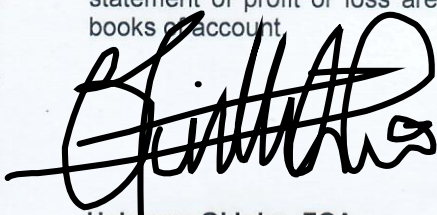
- iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, 2020 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account have been kept by the company; and
- iii) The Company's statement of financial position and statement of profit or loss are in agreement with the books of account.



Uchenna Okigbo, FCA
FRC/2016/ICAN/00000015653

For: Grant Thornton
(Chartered Accountants)
LAGOS, NIGERIA.

Date: 28 March 2024



Report of the Statutory Audit Committee

To the Members of Capital Hotel Plc

In compliance with Section 404(7) of the Companies and Allied Matters Act of Nigeria CAMA 2020, we have reviewed the financial statements of Capital Hotels Plc for the period ended December 31, 2023 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;
2. The accounting and reporting policies of the Company conformed with the statutory requirements and agreed ethical practices
3. The Internal Control and internal Audit functions were operating effectively; and
4. The External Auditor's findings as stated in the management letter are being dealt with satisfactorily by the management.
5. Made recommendations to the Board with regard to the Auditors' report and remuneration of the external auditors of the company as required under 5.404(7Xe) of CAMA 2020.

We commend the level of loyalty and service shown by the management and the Board.

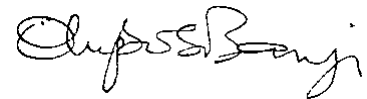


Barr. (Chief) C. F. Nwokocha
FRC/2019/NBA/00000019465
Chairman, Audit Committee

Members of Audit Committee:

Mr. Olugbosun Banji

FRC/2024/PRO/AUDITCOM/002/628132



Mr. Patrick Ajudua

FRC/2024/PRO/AUDITCOM/002/871056



Mr. C. Anosike

FRC/2013/NBA/0000004027



CAPITAL HOTELS PLC

(Registration number RC 36985)

Financial Statements for the year ended December 31, 2023

Statement of Financial Position as at December 31, 2023

	Note(s)	2023 N. '000	2022 N. '000
Assets			
Non-current assets			
Property plant and equipment	2	20,006,051	16,323,273
Intangible assets	3	90,289	89,370
Total non-current assets		20,096,340	16,412,643
Current assets			
Inventories	4	288,582	59,545
Prepayments	5	186,562	105,231
Trade and other receivables	6	2,209,819	911,813
Cash & Cash equivalent	7	9,197,299	12,014,338
Total current asset		11,882,262	13,090,927
Total assets		31,978,602	29,503,570
Equity and Liabilities			
Equity			
Share capital	18	1,580,388	1,580,388
Share premium	19	10,076,720	10,076,720
Retained Earnings		4,678,523	5,167,271
Revaluation Surplus		8,161,567	8,161,567
Total equity		24,497,198	24,985,946
Non current liabilities			
Deferred tax liability	17	1,638,684	303,447
Total non-current liabilities		1,638,684	303,447
Current liabilities			
Current tax payable	12	229,261	553,451
Contract liability	9	120,480	220,979
Deferred income	11	28,907	233,358
Trade and other payables	8	5,464,073	3,206,389
Total current liabilities		5,842,721	4,214,177
Total liabilities		7,481,405	4,517,624
Total Equity and Liabilities		31,978,602	29,503,570

The accounting policies and notes on pages 47 to 78 form an integral part of these financial statements.

The financial statements, accounting policies and the notes were signed on behalf of the Board of Directors on March 28, 2024 by:



Mr. Ravi Bachu
Managing Director/CEO
FRC/2023/PRO/DIR/071/893689



Alhaji Aminu Abdulkadir
Director
FRC/2023/PRO/DIR/071/460507



Mr. Babatunde Adebayo
FRC/2013/ICAN/000000887
Chief Finance Officer

CAPITAL HOTELS PLC

(Registration number RC 36985)

Financial Statements for the year ended December 31, 2023

Statement of Profit or Loss for the year ended December 31, 2023

	Note(s)	2023 N. '000	2022 N. '000
Revenue	16	7,892,139	5,332,322
Cost of sales	22	(6,735,849)	(5,833,681)
Gross profit/(Loss)		1,156,290	(501,359)
Other income	14	131,875	106,804
Administrative expenses	23	(835,297)	(552,609)
Operating Profit/(Loss)		452,868	(947,164)
Finance income	15	635,264	138,883
Profit/ (Loss) before taxation		1,088,132	(808,281)
Income tax credit/(expense)	12	(1,564,496)	648,377
Loss for the year		(476,365)	(159,904)
Per share information			
Basic loss per share	13	(0.15)	(0.07)

The accounting policies and notes on pages 47 to 78 form an integral part of these financial statements.

CAPITAL HOTELS PLC

(Registration number RC 36985)

Financial Statements for the year ended December 31, 2023

Statement of Changes in Equity for the year ended December 31, 2023

	Issued Share capital N '000	Share premium N '000	Retained earnings N '000	Revaluation Reserve N '000	Total equity N '000
For the year ended December 31, 2022					
Balance as at January 1, 2022	774,390	-	5,327,175	8,161,567	14,263,132
Issue of Share	805,998	10,076,720	-	-	10,882,718
Loss for the period	-	-	(159,904)	-	(159,904)
Total	1,580,388	10,076,720	5,167,271	8,161,568	24,985,946
Dividends	-	-	-	-	-
Balance as at December 31, 2022	1,580,388	10,076,720	5,167,271	8,161,567	24,985,946
For the year ended December 31, 2023					
Balance as at January 1, 2023	1,580,388	10,076,720	5,167,271	8,161,567	24,985,946
Loss for the period	-	-	(476,365)	-	(476,365)
Prior Year Adjustments	-	-	(12,384)	-	(12,384)
Total	1,580,388	10,076,720	4,678,522	8,161,567	24,497,198
Dividends	-	-	-	-	-
Balance as at December 31, 2023	1,580,388	10,076,720	4,678,522	8,161,567	24,497,198
Note(s)	18	19	21	21	21

The accounting policies and notes on pages 47 to 78 form an integral part of these financial statements.

CAPITAL HOTELS PLC

(Registration number RC 36985)

Financial Statements for the year ended December 31, 2023

Statement of Cash Flows for the year ended December 31, 2023

	Note(s)	Company	
		2023 N. '000	2022 N. '000
Cash flows from operating activities			
Profit before taxon		1,088,132	(808,281)
Adjustment for non cash items			
Net finance income	15	(635,264)	(138,883)
Depreciation of property, plant and equipment	2	392,607	253,013
Amortization of intangible assets	3	33,086	22,331
Exchange gain	14	(130,356)	(96,059)
Gain on scrap sales	14	(1,519)	(8,745)
Expected credit loss		201,165	126,441
Gain on property, plant and equipment		-	(2,000)
Operating profit before working capital changes		(140,281)	156,098
Working capital adjustments/changes			
Increase in inventories	4	(229,037)	(3,952)
Decrease/(Increase) in trade debtors	6	(415,077)	71,657
Increase in other debtors and prepayments	6&5	(1,524,816)	(63,466)
Decrease in due from associated companies	6	359,390	129,091
Decrease in due to associated companies	8	387,935	954,553
Increase/(Decrease) in trade creditors	8	(268,215)	272,582
Increase in other creditors and accruals	8	2,137,966	12,715
Increase/(Decrease) in contract liability	9	(100,499)	32,683
Net changes in current assets and liabilities		347,647	1,405,863
Income taxes paid	12	(553,451)	(35,945)
Withholding tax credit note	12	-	(32,843)
Income (utilised)/received	11	(204,451)	196,660
Net cash generated from operating activities		537,596	881,552
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2,338,822)	(905,610)
Proceeds from disposal of assets	2	1,519	10,745
Payment for software	3	(33,390)	(94,158)
Reclass of property, plant, equipment	2	(1,749,562)	-
Interest received	15	635,264	138,883
Net cash used in investing activities		(3,484,991)	(850,140)
Cash flows from financing activities			
Proceed from issue of shares - share capital	18	-	805,998
Proceed from issue of shares - share premium	19	-	10,076,720
Net cash used in financing activities		-	10,882,718
Net (Decrease)/Increase in cash and cash equivalents		(2,947,395)	10,914,130
Cash and cash equivalents at January 1		12,014,338	1,004,149
Effect of exchange gain movement on cash balances		130,356	96,059
Cash and cash equivalents at December 31	7	9,197,299	12,014,338

The accounting policies and notes on pages 47 to 78 form an integral part of these financial statements.

CAPITAL HOTELS PLC

(Registration number RC 36985)

Financial Statements for the year ended December 31, 2023

Accounting Policy

Corporate information

Capital Hotels Plc was incorporated in Nigeria on 16 January 1981 as a private limited liability company in accordance with the provisions of the Companies and Allied Matters Act, 2020 (As amended). The company became a public limited company (Plc) on May 31, 1986. The hotel, Abuja Continental Hotel (formerly known as Sheraton Abuja Hotel) commenced business in January 1990. Its Parent Company is 22 Hospitality Limited and its ultimate parent Company is Nipco Plc.

Prior to August 2022, the hotel was managed and operated by Marriot International (Starwood Eame License and Services Company, BVBA) under a system license Agreement dated June 7, 2011. Effective August 2022 the hotel is now managed by Capital Hotels Plc trading under the name of Abuja Continental Hotel.

The company is engaged in the hospitality industry. It renders hotel services by providing exotic accommodation; mouth-watering cuisines, leisure and fitness facilities, conferencing facilities and fully equipped meeting rooms for business travelers and tourists. It boasts of the best ambience in the market.

Significant accounting policies

1. Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), in accordance with the requirements of the Financial Reporting Council of Nigeria and the provisions of the Companies and Allied Matters Act, 2020. The financial statements were authorized for issue by the board of directors on March 28, 2024.

2. Functional and presentation currency

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

3. Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following items in the statement of financial position:

- land which is carried at fair value.
- employee loans measured at amortised cost
- inventory measured at lower of cost and net realisable value
- trade receivables measured at amortised cost.

4. Use of estimates and Judgement

In preparing the financial statements, management is required to make use of estimates and assumptions that affects the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The statement of accounting policies forms an integral part of these financial statements.

5. Current versus non-current classification

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

6. 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.

7. Fair value measurement

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.

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.

The Company's assets and liabilities for which fair value is measured is categorised at Level 3.

8. Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company's and the cost of the item can be measured reliably. Interest is capitalised as an increase in property, plant and equipment on major capital projects during construction. All property, plant and equipment are stated at historical cost less depreciation.

Assets under Construction are included in property, plant and equipment but are not subject to depreciation until they are available for use and transferred to the appropriate asset class.

Property and equipment are derecognised on disposal, or when no future economic benefits are expected from their use or disposal and gains and losses on disposal are determined by comparing proceeds with carrying amount.

Depreciation is calculated on a straight line basis over the useful lives (excluding land) and impairment losses and gains and losses on disposals of property, plant and equipment are included in profit or loss.

Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted when appropriate.

Land is measured at fair value less impairment losses if any, recognised after the date of revaluation. Valuations are performed with sufficiency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

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

Freehold Land	Not depreciated
Building	50 years
Plant & Machinery	10 years
Furniture, fittings and equipment	5 years
Motor Vehicle	5 years

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

Upon disposal, any revaluation surplus relating to the land being sold is transferred to retained earnings. All other items of property, plant and equipment continues to be measured at cost less accumulated depreciation and accumulated impairment losses (if any).

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.

9. 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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income. This is amortised on a straight-line basis over the useful life of the assets.

Computer software

These are acquired computer software licenses and are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The costs are amortised on a straight line basis over four (4) years which is the estimated useful life of the software. Upgrades are amortised over the remaining useful life of the asset and costs associated with maintaining computer software programs are recognised in expense as incurred.

10. Leases

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

Company as a lessor

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

11. Revenue from contracts with customers

The company is engaged in the hospitality industry and largely offers lodging, meals and other guest services to customers. Revenue is split on the basis below:

- i. Rooms
- ii. Food and beverages
- iii. Other services

The company has applied IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The company 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 16.

At contract inception, the Company 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.

Performance obligation

The company has identified three distinct performance obligations as highlighted above.

In arriving at the performance obligations, the Company 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 customizing, other promised goods or services in the contract.

Rooms

Revenue is recognised over time because as the Company performs its obligations on the contract, the customer simultaneously receives and consumes the benefits provided by the Company's performance. 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).

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Service charge

The company charges a flat rate for all in-room services relating to foods and beverages offered to customers and it is part of the component of the consideration paid for food and beverages.

Food and beverages

The company sells food and beverages to hotel guests and visitors. The company 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 service charge levied on food and beverages, the Company recognises the revenue at a point in time.

Other services

The company generates revenue from other streams such as fitness club, laundry services, business center, valet services. Revenue from rendering these services is recognised over time. For service charge levied on other services, the Company recognises the revenue over time because as the Company performs its obligations on the contract, the customer simultaneously receives and consumes the benefits provided by the Company's performance.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time. If the Company 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 Company'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.

Refund liabilities – security deposit

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

12. 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 Company operates and generates taxable income.

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

Deferred tax

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

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

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

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

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

and taxable profit will be available against which the temporary differences can be utilised

- The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. 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.

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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.

The Company 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.

13. Foreign currencies**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company 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 Company 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 Company determines the transaction date for each payment or receipt of advance consideration.

14. Cash dividend

The company recognises a liability when dividend 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.

15. 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 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 Company's business model for managing them. The Company initially measures financial asset at its fair value.

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 company'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 Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as shown below:

Financial assets at amortised cost (debt instruments)

The company 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

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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 company's financial assets at amortised cost includes trade receivables, receivables from other related parties and cash and short-term deposit.

Derecognition

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

- The rights to receive cash flows from the asset have expired
or
- The company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company 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 10 & 26 |
| • Trade receivables | Note 6 |
| • Intercompany Receivable | Note 6 |

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. 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 company considers a financial asset in default when contractual payments are 90 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss as appropriate. Financial liabilities have only two classifications which are:

- i) financial liabilities at FVTPL and
- ii) financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value. The company's financial liabilities include trade and other payables.

Subsequent measurement

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

Trade and other payables measured at amortised cost

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of a business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derecognition

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

• **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.

The company 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 Company 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.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

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 Company 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.

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

16. Statement of cash flow presentation

IAS 7.18 allows entities to report cash flows from operating activities using either the direct method or the indirect method. The company presents its cash flows using the direct method.

17. Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Dividends are recognised as a liability in which they are declared.

18. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Company's other components. For management purposes, the Company is organized into business unites based on its services and has three reportable segments as stated below.

All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decision about resources to be allocated to the segment and assess its performance, and for which discrete information available. Segment performance is evaluated based on profit or loss and it is measured consistently with profit or loss in the financial statements.

Segment results that are reported to the Chief Executive Officer include revenue and cost of sales directly attributable to a segment as well as those that can be allocated on a reasonable basis. The company has three operating segments, summarized as follows:

- Rooms
- Food and Beverages
- Other services

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1. New Standards and Interpretations

1.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

International tax reform - Pillar two model rules - amendments to IAS 12

The amendments incorporate into IAS 12, taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. As an exception, deferred tax assets and liabilities shall not be recognised, nor information about them disclosed related to Pillar Two income taxes. Disclosures about applying this exception to deferred tax are required. Any current tax income or expense related to Pillar Two income taxes is required to be disclosed separately. In addition, where the legislation is enacted or substantively enacted, but not yet in effect, management are required to disclose known or reasonably estimable information of the entity's exposure to Pillar Two taxes arising from that legislation.

The effective date of the amendment is for years beginning on or after January 1, 2024.

The impact of the amendment is not applicable in the current year.

Initial application of IFRS 17 and IFRS 9 - Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

The effective date of the amendment is for years beginning on or after January 1, 2023.

The impact of the amendment is not applicable in the current year.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after January 1, 2023.

The impact of the amendment is not applicable in the current year.

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Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after January 1, 2023.

The Company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after January 1, 2023.

The Company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after January 1, 2023.

The impact of the amendment is not applicable in the current year.

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after January 1, 2023.

The impact of the amendment is not applicable in the current year.

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1.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2024 or later periods:

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after January 1, 2025.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after January 1, 2024.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

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The effective date of the amendment is for years beginning on or after January 1, 2024.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after January 1, 2024.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

General requirements for disclosure of sustainability- related Financial Information - IFRS S1

The standard provides guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability-related risks and opportunities. To achieve this objective, IFRS S1 requires entities to follow a two-step process to identify and disclose all material sustainability-related risks and opportunities that impact the entity's prospects:

- Step one helps identify sustainability-related risks and opportunities that could affect an entity's prospects over the short, medium and long term.
- Step two helps determine the disclosures to provide in relation to the sustainability-related risks and opportunities identified in step 1.

The effective date is for years beginning on or after January 1, 2024.

The impact will result in additional disclosures in the Company's financial statements.

Climate-related Disclosures - IFRS S2

IFRS S2 is a thematic standard that builds on the requirements of IFRS S1 and is focused on climate-related disclosures. IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long term. To achieve this objective, an entity is required to refer to and consider the applicability of industry-based disclosure topics as defined in the Industry-Based Guidance on Implementing IFRS S2.

In addition, IFRS S2 requires entities to consider other industry - based metrics and seven cross-industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage the identified material climate-related risks and opportunities.

The effective date is for years beginning on or after January 1, 2024.

The impact will result in additional disclosures in the Company's financial statements.

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2 Property, plant and equipment

December 2023	Land	Buildings	Plant & Machinery	Furnitures, Fixtures & Equipment	Motor Vehicles	Work-in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At beginning of the year	9,424,800	1,059,777	2,519,607	4,068,160	226,334	5,390,621	22,689,299
Realignment of opening balance	-	(549,139)	(1,418,296)	(2,167,342)	(191,034)	2,120,033	(2,205,778)
Additions	69,239	529,110	293,880	1,423,093	23,500	-	2,338,822
Transfer from work in Progress	-	5,733,511	-	-	-	(5,733,511)	-
Disposals	-	-	-	-	-	-	-
At the end of the period	9,494,039	6,773,259	1,395,191	3,323,911	58,800	1,777,143	22,822,343
Depreciation							
At beginning of the year	-	(424,492)	(2,060,154)	(3,661,462)	(219,918)	-	(6,366,026)
Realignment of opening balance	-	339,986	1,244,591	2,167,211	190,553	-	3,942,341
Charge for year	-	(41,726)	(41,010)	(303,625)	(6,246)	-	(392,607)
Disposals	-	-	-	-	-	-	-
At the end of the period	-	(126,232)	(856,573)	(1,797,876)	(35,611)	-	(2,816,292)
Carrying value							
December 31, 2023	9,494,039	6,647,027	538,618	1,526,035	23,189	1,777,143	20,006,051

December 2022	Land	Buildings	Plant & Machinery	Furnitures, Fixtures & Equipment	Motor Vehicles	Work-in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At beginning of the year	9,424,800	1,021,114	2,121,617	3,898,779	224,284	5,096,745	21,787,339
Additions	-	38,663	397,990	169,381	5,700	293,876	905,610
Disposals	-	-	-	-	(3,650)	-	(3,650)
At end of the year	9,424,800	1,059,777	2,519,607	4,068,160	226,334	5,390,621	22,689,299
Depreciation							
At beginning of the year	-	(391,703)	(1,976,748)	(3,526,163)	(222,049)	-	(6,116,663)
Charge for year	-	(32,789)	(83,406)	(135,299)	(1,519)	-	(253,013)
Disposals	-	-	-	-	3,650	-	3,650
At end of the year	-	(424,492)	(2,060,154)	(3,661,462)	(219,918)	-	(6,366,026)
Carrying value							
December 31, 2022	9,424,800	635,285	459,453	406,698	6,416	5,390,621	16,323,273

- Work in progress are Hotel building renovations.
- There is no restriction to the title of property, plant and equipment.
- There is no item of property, plant and equipment pledged as collateral.
- The carrying amount of Land if it were to be carried at cost is N425,630,551.
- The company has no contractual commitment at year end (2022; Nil).
- Realignment of opening balance relates to the assets recognised in the wrong class of asset.
- There was no evidence of impairment of the assets as at December 31, 2023 (2022: Nil).

3 Intangible Assets

December 2023	Software Costs N'000	Total N'000
Cost		
At beginning of the year	94,158	94,158
Realignment of opening balance	277,355	277,355
Additions	33,390	33,390
Disposals	-	-
At the end of the period	404,903	404,903
Amortization		
At beginning of the year	(4,788)	(4,788)
Realignment of opening balance	(276,740)	(276,740)
Amortization for the period	(33,086)	(33,086)
Disposals	-	-
At the end of the period	(314,614)	(314,614)
Carrying Value		
December 31, 2023	90,289	90,289
December 2022		
Cost		
At beginning of the year	262,195	262,195
Additions	94,158	94,158
Disposals	(262,195)	(262,195)
At the end of the period	94,158	94,158
Amortization		
At beginning of the year	(244,652)	(244,652)
Amortization for the period	(22,331)	(22,331)
Disposals	262,195	262,195
At the end of the period	(4,788)	(4,788)
Carrying Value		
December 31, 2022	89,370	89,370

Computer software consists of acquisitions costs of software used in the day-to-day operations of the Company. There was no objective evidence of impairment of the intangible assets as at December 31, 2023 (2022: Nil). Realignment of opening balance relates to the assets recognized in the wrong class of asset.

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	2023	2022
4 Inventories		
Food & Beverage	147,471	55,286
Amenities	76,053	-
Spares	65,058	4,259
Total	288,582	59,545

There was no write-down of inventories to net realisable value during the year. No inventory was pledged as security for any liability.

5 Prepayments

Prepayments are made up of the following balances:

Insurance	37,119	1,786
Prepaid Contracts	41,769	-
Prepaid Others	107,674	103,445
	186,562	105,231

Total Prepayments

Current Portion	186,562	105,231
Non-current portion	-	-
	186,562	105,231

- Prepayments are expensed on straight line basis
- Prepaid others relates to advances on supplies, licence fees and advances to employees.

6 Trade debtors and other receivables

Trade debtors	487,386	273,475
Other debtors	1,502,689	19,436
Withholding tax receivable	219,744	259,512
Due from Related Party:		
Ikeja Hotels	-	359,390
Total	2,209,819	911,813

- Trade receivables are non-interest bearing.
- Other receivables consists majorly of advance payments to contractors.
- The carrying amount of trade and other receivables are denominated in naira.
- Terms and conditions relating to related party is disclosed on note 26, the loan to Ikeja Hotels was fully paid in 2023.
- Impairment on trade receivables is disclosed on note 10.

The age analysis below excludes WHT

Neither impaired nor past due

0 - 60 days	1,522,356	347,974
Not impaired but past due in the following periods:		
61 - 90 days	37,380	51,685
91 - 180 days	50,427	27,691
above 181days	379,912	224,951
	1,990,075	652,301

7 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents consists of

Cash-in-hand	613	363
Bank balance	1,611,248	12,013,975
Short-term bank deposits	7,585,438	-
At the end of the period	9,197,299	12,014,338

Short-term bank deposits were placed based on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and shortterm deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings.

B	88,398	-
B-	9,108,288	12,013,975
	9,196,686	12,013,975

The Company also assessed the cash and cash equivalents to determine the expected credit losses. Based on this assessment, the Company identified the expected losses on cash as at December 31,2023 (2022: nil) to be insignificant, as the loss rate is deemed immaterial

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	2023	2022
8 Trade and other payables		
Trade payables	214,184	482,399
Non-product trade payables	3,219,212	1,168,950
Accruals	299,543	201,119
Unclaimed dividend	48,123	50,067
Value Added Tax	339,592	238,810
Entertainment tax	635	104,825
Pay As You Earn (PAYE)	297	5,666
Due to Related Party:		
11 Plc	526,009	254,553
11 Hospitality	138,243	-
22 Hospitality	423,500	700,000
Nipco Plc	254,735	-
Total	5,464,073	3,206,389

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Non-product trade payables are mainly made up of payment to contractors, they are non-interest bearing and have an average term of six months.
- Terms and conditions of related parties are disclosed on note 26.

9 Contract Liabilities

Deposit from guests	120,480	220,979
Total	120,480	220,979

- Contract liability represents deposit from guests for room and banquet reservation, which are the core revenue streams of the company.
- These contract liabilities are short term advance payment for service to be rendered in the future.

10 Financial Instruments

(a) Financial Assets

• **Measured at amortised cost**

Trade receivables	487,386	273,375
Other receivables (excluding all forms of taxes)	1,502,689	378,826
Cash and cash equivalents	9,197,299	12,014,338
Total	11,187,375	12,666,539

Impairment

Trade receivables	954,873	504,100
Allowance for expected credit losses	(467,487)	(230,724)
Total	487,386	273,375

• **Measured at fair value**

Property, plant and equipment	Date of valuation	Significant unobservable inputs (Level 3)
Land	31-Dec-20	9,424,800
		9,424,800

Refer to note on Accounting policy 7 on fair value information

Valuation Methodology

Management determined that the land constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the land was determined using the Direct market comparison method. The valuations have been performed by the valuer and are based on prices paid in actual market transactions for similar properties with unit sale prices of comparables adjusted to the characteristics of the subject property. As at the dates of revaluation on December 31, 2020, the land's fair value are based on valuations performed by Knight Frank Chartered Surveyors & Co. (FRC/2013/000000000584), (signed by: Oyeleke Oyegoke Akanbi FRC/2013/NIESV/00000001085) n accredited independent valuer who has valuation experience for similar properties. No valuation was performed in 2023 because the valuation as at 2020 continues to be relevant.

No net gain from the revaluation of the land was recognised in other comprehensive income

Significant unobservable valuation input:

	Range	
	2023	2022
Price per square metre	-	-

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

(b) Financial Liabilities

At amortised cost	2023	2022
Trade and other payables (excluding all forms of taxes and unclaimed dividend)	5,075,426	2,807,021
Total	5,075,426	2,807,021

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

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	2023	2022
11 Deferred Income		
Deferred income relates to rent received in advance but not yet earned.		
At January 1	233,358	36,698
Additions during the year	282,913	256,649
Charged during the year	(487,364)	(59,989)
At December 31	<u>28,907</u>	<u>233,358</u>
Non-current	-	-
Current	<u>28,907</u>	<u>233,358</u>
12 Current tax analysis:		
Movement in current income tax balance:		
At beginning of the period	553,451	595,524
Payments	(553,451)	(35,945)
Provision for the period	229,261	26,715
Withholding tax credit	-	(32,843)
At the end of the period	<u>229,261</u>	<u>553,451</u>
Taxation charge for the period		
Based on profit for the period :		
Current taxes		
Company income tax	176,355	-
Minimum tax	-	26,715
Education tax	52,906	-
	<u>229,261</u>	<u>26,715</u>
Deferred tax		
Relating to reversal and origination of temporary differences	1,335,236	(675,092)
	<u>1,335,236</u>	<u>(675,092)</u>
Total Taxation Charge/(Credit) - Profit or Loss	<u>1,564,496</u>	<u>(648,377)</u>
Reconciliation of expected tax rate:		
Income/(loss) before taxation	1,088,133	(808,281)
Applicable tax charge at statutory tax rate of 30%	326,440	(242,484)
Impact of non-taxable income	885,347	(24,766)
Other non-deductible expenses	-	122,664
Capital allowance utilised	352,709	(675,092)
Unutilised loss carry forward	-	144,586
Minimum tax	-	26,715
Taxation charge	<u>1,564,496</u>	<u>(648,377)</u>
13 Loss per share		
Basic LPS is calculated by dividing the loss for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.		
Diluted LPS is calculated by dividing the loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.		
The following table reflects the income and shares data used in arriving at the calculations:		
Loss attributable to ordinary equity holders for basic earnings		
	Thousands	Thousands
Average number of ordinary shares	<u>3,160,776</u>	<u>2,220,445</u>
Basic Loss per share (Kobo)	<u>(0.15)</u>	<u>(0.07)</u>
Diluted Loss per share (Kobo)	<u>(0.15)</u>	<u>(0.07)</u>
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.		
14 Other operating Income		
Gain on foreign exchange transactions	130,356	96,059
Service Charge	1,519	8,745
Gain on disposal of property, plant and equipment	-	2,000
Total	<u>131,875</u>	<u>106,804</u>
15 Finance Income		
Interest on intercompany loans	-	18,409
Interest on short-term fixed deposit	635,264	120,474
Total	<u>635,264</u>	<u>138,883</u>

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2023 2022

16 Disaggregated revenue information

This relates to the disaggregation of the Company's revenue from contracts with customers:

Segments

Types of Service

Rooms	3,531,987	2,580,967
Food & Beverage	3,907,182	2,208,231
Other services	326,848	483,134
Total revenue from contracts with customers	7,766,017	5,272,332

Rental income	126,122	59,989
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Total revenue from contracts with customers	7,892,139	5,332,321
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Geographical markets

Nigeria	7,892,139	5,332,321
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Timing of revenue recognition

Services transferred at a point in time	3,907,182	2,208,232
Services transferred over time	3,984,957	3,124,090
	7,892,139	5,332,322

Revenue

Third party sales	7,833,857	5,332,322
Intercompany sales	58,282	-
Total	7,892,139	5,332,322

Revenue is recognised overtime for services transferred because as the Company performs, the customer simultaneously receives and consumes the benefits provided by the Company's performance.

Other services represents revenue earned from the health and Wellness facilities, Laundry and business centre.

Assets and liabilities related to contracts with customers	487,386	273,476
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Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days

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	2023	2022
17 Deferred income tax		
(a) Deferred tax movement		
At beginning of the period	(303,447)	-
Current period charge/(provision)	(1,335,236)	-
At the end of the period	<u>(1,638,683)</u>	<u>(303,447)</u>
(b) Deferred tax analysis		
Deferred tax asset		
Unrealised exchange gain	1,546	-
Expected credit losses of debt financial assets	6,238	7,181
Total deferred tax asset	<u>7,784</u>	<u>7,181</u>
Deferred tax liability		
Accelerated depreciation	(1,646,467)	(308,152)
Unrealised exchange gain	-	(2,476)
Total deferred tax liability	<u>(1,646,467)</u>	<u>(310,628)</u>
Net deferred tax asset/(liability)	<u>(1,638,684)</u>	<u>(303,447)</u>
Statement of profit or loss		
Accelerated depreciation for tax purposes	1,340,959	235,013
Expected credit losses of debt financial assets	942	(3,508)
Unrealised exchange gain	(4,022)	244
Revaluation surplus	-	(906,841)
	<u>1,337,879</u>	<u>(675,092)</u>
18 Issued capital and reserves		
At beginning of the year (2022: 1,600,000,000 ordinary shares of 50k each)	1,580,388	800,000
Addition during the year (2022: 1,560,775,510 ordinary shares of 50k each)	-	780,388
At end of the year 3,160,775,510 ordinary shares of N0.50k each	<u>1,580,388</u>	<u>1,580,388</u>
Ordinary shares issued and fully paid		
At 1 January 1,548,780,000 ordinary shares of 50k each	1,580,388	774,390
Addition during the year (2022: 1,611,995,510 ordinary shares of 50k each)	-	805,998
At December 31, 2023 (2022: 3,160,775,510) ordinary shares of N0.50k each	<u>1,580,388</u>	<u>1,580,388</u>
19 Share premium		
At January 1	10,076,720	-
Addition during the year	-	10,076,720
At December 31	<u>10,076,720</u>	<u>10,076,720</u>
The current year share premium amount represents premium of N6.50 on 1,611,995,510 ordinary shares issued on August 15, 2022 to 22 Hospitality Limited net of share issuance expenses.		
The share premium amount form part of the non-distributable reserves of the Company which can be used only for the purposes specified under Companies and Allied Matters Act, 2020.		
20 Dividends		
The directors did not declare any dividend in 2023 (2022: Nil).		
21 Reserves		
At the beginning of the period	24,985,946	14,263,132
Issue of Share	-	10,882,718
Profit/ (loss) for the period	(476,365)	(159,904)
Prior year adjustment	(12,384)	-
At the end of the period	<u>24,497,198</u>	<u>24,985,946</u>

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	2023	2022
22 Cost of sales		
Rooms	205,407	391,829
Food and beverages cost	1,228,674	914,057
Other operating costs	4,563,047	3,349,827
Staff costs	738,721	1,177,968
Total cost of sales	6,735,849	5,833,681

Other operating costs relates to other direct costs; repairs and maintenance, power, security, entertainment etc.

Included in cost of sales:

Wages and salaries	721,095	1,152,598
Pension costs	17,626	25,370
	738,721	1,177,968

Included in cost of administrative expenses:

Wages and salaries	29,929	32,554
Pension costs	2,441	1,095
	32,370	33,649

Total employee benefits expense

771,091	1,211,617
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23 Administrative expenses

Staff cost	32,370	33,649
Depreciation of property plant and equipment	392,607	253,013
Amortisation of intangible assets	33,086	22,331
Auditors remuneration	8,000	11,500
Directors' remuneration	-	1,392
Directors' expenses	-	25,408
Bank charges	129,208	1,890
Office expenses	26,358	27,088
Transport and Traveling	-	989
Impairment loss	201,165	126,441
Insurance	-	31,766
Professional fees	8,000	7,633
Secretarial and meetings	4,503	9,509
Total administrative expenses	835,297	552,609

The Company's Auditor did not perform any non-audit services during the year ended December 31, 2023 (2022: Nil)

24 Commitments

The directors are of the opinion that all known commitments which are relevant in assessing the state of affairs of the company have been taken into consideration in the preparation of these financial statements.

25 Provisions

There is pending litigation at the high court between Akosu Magdalene and 119 others against Capital Hotels Plc
However, the board does not expect any contingent liability from this lawsuit.

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26 Related party disclosures

	Relationship	Industry
Nipco Plc	Ultimate parent	Conglomerate
22 Hospitality Limited	Parent	Hospitality
11 Plc	Sister company	Oil & Gas
11 Hospitality Limited	Sister company	Hospitality
Ikeja Hotels Plc	Sister company	Hospitality

Related party Balances

Amount in trade receivable /(trade payable) regarding related party

Nipco Plc	(254,735)	-
22 Hospitality Limited	(423,500)	(700,000)
11 Plc	(526,009)	(254,553)
11 Hospitality Limited	(138,243)	-
Ikeja Hotels Plc	-	359,390

Income from related parties

Nipco Plc	8,046	-
11 Plc	50,235	-

27 Compensation of key management personnel

Emoluments of directors

Salaries and other short-term employee benefits	-	1,392
Defined contributions	-	1,095
Fees and allowances	-	25,408
Total compensation paid to key management personnel	-	27,895

Amount paid to the highest paid director (excluding pension contributions)

-	10,000
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Chairman's emoluments

Fees	-	270
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Key management includes directors (executive and non-executive).

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:

Above N10,000,000	Number	Number
	-	1

Staff numbers and costs

The table below shows the number of employees (excluding directors), who earned over N200,000 as emoluments in the year and were within the bands stated.

Staff Numbers per grade

Managerial	15	5
Others	336	249
	351	254

N0 - N200,000	-	-
N200,001-N400,000	-	216
N400,001-N600,000	1	29
N600,001-N800,000	156	6
N800,001- N1,000,000	66	1
Above N1,000,000	128	2
	351	254

Staff costs for the above persons (excluding Directors):

	N'000	N'000
Salaries and wages	751,024	1,185,152
Pension cost	20,067	26,465
	771,091	1,211,617

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28 Segment information

	2023				2022			
	Revenue N'000	Cost of sales N'000	Gross profit N'000	Gross profit margin	Revenue N'000	Cost of sales N'000	Gross profit N'000	Gross profit /(loss)margin
Rooms	3,531,987	205,407	3,326,580	94%	2,580,967	391,829	2,189,138	85%
Food and Beverages	3,907,182	1,228,674	2,678,508	69%	2,208,232	914,057	1,294,175	59%
Other services	452,970	158,404	294,566	65%	543,123	239,653	303,470	56%
Others*	-	5,143,364	(5,143,364)	-	-	4,288,142	(4,288,142)	-
	7,892,139	6,735,849	1,156,290	15%	5,332,322	5,833,681	(501,359)	-9%

* Others represents centralised expenses which cannot be apportioned to any single segment.

29 Events after the reporting period

There were no known events after the reporting date which could have a relevant impact on the financial statements of the Company that had not been adequately provided for or disclosed in the financial statements.

30 Going concern

The company made a net loss of N479M (2022: N159M) for the year ended 31 December 2023. The company however has a strong working capital position as its current assets exceeds its current liabilities by N6B (2022: N8B as at date. Its total assets exceeded its total liabilities by N24B (2022: N25B).

The Company is engaging in massive refurbishment of the hotel as well as expansion of the rooms, to further serve the needs of customers and generate more revenue in the future. The yields reflected as the profit before tax was N1B but the resultant tax due to was substantially due to the tax impact of accelerated capital allowance claimed on fixed assets capitalized during the year. Assets capitalized during the year was N8B.

The Parent Company, 22 Hospitality Limited which owns 85.84% of the share capital of Capital Hotels Plc has given assurance to support the Company in its drive to renovate the property to an enviable height and thus bring back its lost glory.

Having considered the above, the financial statements of Capital Hotels Plc have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the forecast performance targets will be achieved, and that sufficient resources will be available to finance future operations, and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Notes to the Financial Statements**31 Financial instruments risk management objectives and policies**

The company's Financial instruments in the consolidated statement of financial position comprise of cash and cash equivalents (Note 7), trade and other receivables (Note 6), trade and other payables (Note 8).

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

Risk	Exposure arising from	Measurement	Management
Capital risk	Loss in company operations	Gearing	Spread of portfolio between debt and equity Effective working capital management
Market risk – foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Contractual agreements on exchange rates
Credit risk	Cash and cash equivalents, trade receivables and due from related party.	Aging analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

Capital risk

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

For the purpose of the Company's capital management, capital includes issued capital and retained earnings attributable to the equity holders of the Company.

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The company seeks to optimise the structure and sources of capital to ensure that it consistently maximizes returns to shareholders.

The company monitors capital using a gearing ratio, which is total debt divided by total equity. The company includes within net debt, trade and other payables (Note 8) and borrowings and total equity includes all capital (Note 18 and 19) and reserves (Note 21) of the Company.

	2023	2022
	(N'000)	(N'000)
Total debt	(5,464,073)	(3,206,389)
Cash and bank balances	9,197,299	12,014,338
Net Assets	3,733,226	8,807,949
Total equity	24,494,554	24,985,946
Net debt /equity	-	-

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 of the currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include cash and short term deposits denominated in foreign currency.

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 company is not expose to this risk as the Company has no long-term debt obligations.

Liquidity risk

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

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 7) on the basis of expected cash flows.

This is generally carried out at each of the respective periods in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet

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liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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 company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The company's exposure to foreign currency risk at the end of the reporting period expressed in the individual foreign currency unit was as follows:

Bank

2023	Foreign Currency	Exchange Rate	Naira at Dec. 2023	Naira (Sensitivity -10%)	Naira (Sensitivity +10%)
	('000)		('000)	('000)	('000)
USD	612	951.790	582,496	58,249	(58,249)
GBP	43	1,213.627	52,186	5,219	(5,219)
EURO	170	1,054.107	179,198	17,919	(17,919)

2022	Foreign Currency	Exchange Rate	Naira at Dec. 2022	Naira (Sensitivity - 10%)	Naira (Sensitivity +10%)
	('000)		('000)	('000)	('000)
USD	1,841	450.000	828,534	82,853	(82,853)
GBP	41	530.000	21,477	2,147	(2,147)
EURO	82	460.000	37,885	3,788	(3,788)

Credit risk

Credit risk arises from cash and short term deposits with banks and other financial institutions, as well as credit exposures to related parties and to customers.

Cash and short term deposits

The company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating. Management actively monitors credit ratings and given that the Company only has invested in securities with higher credit ratings, management does not expect any counterparty to fail to meet its obligations.

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

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

The bank ratings obtained from Standard & Poor's and Fitch rating agencies are highlighted below:

Rating	2023	2022
B	88,398	-
B-	9,108,288	12,013,975
	9,196,686	12,013,975

Trade and other receivables

Credit risk is managed by performing credit checks on all clients requiring credit over certain amounts. Credit is authorised beyond the credit limits established where appropriate.

There is no independent rating for customers. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by management.

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. However, some guests are required to provide security deposits for credit transactions while others are granted credit on the strength of their credibility and past performance

Trade and other receivables excludes WHT.

Age analysis of receivables(Net amount)	Company	
	2023 (N'000)	2022 (N'000)
Current	1,522,354	347,974
Overdue 1 - 30 days	-	-
Overdue 31 - 60 days	-	-
Overdue 61 - 90 days	37,380	51,685
Overdue 91 - 180 days	50,427	27,691
Overdue 181 days	379,912	224,951
Total	1,990,073	652,301

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Notes to the Financial Statements

Impairment

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).

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 10. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

	2023	2022
	N'000	N'000
Trade receivables	954,873	504,100
Allowance for expected credit losses	(467,487)	(230,724)
Total	487,386	273,375

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VALUE ADDED STATEMENT

	2023 N'000		2022 N'000	
Revenue	7,892,139		5,332,322	
Other operating income	131,875		106,804	
Finance income	<u>635,264</u>		<u>138,883</u>	
	8,659,278		5,578,009	
Bought in services				
- Foreign	(318,718)		(244,966)	
- Local	(6,055,647)		(4,654,363)	
Total Value added	<u>2,284,914</u>		<u>678,680</u>	
Applied as follows:		%		%
Salaries and other labour related benefits	771,091	34	1,211,617	179
Taxation	1,564,496	68	(648,377)	(96)
Depreciation and amortisation	425,693	19	275,344	41
Loss for the year	(476,365)	(21)	(159,904)	(24)
	<u>2,284,914</u>	<u>100</u>	<u>678,680</u>	<u>100</u>

The value added represents the wealth created through the Company's assets by its own and its employees' efforts. This statement shows the allocation of wealth created amongst employees, government and that retained for future creation of wealth.

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Financial Statements for the year ended December 31, 2023

FIVE YEAR FINANCIAL SUMMARY

Statement of Financial Position

	2023	2022	2021	2020	2019
Assets	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	20,006,051	16,323,273	15,670,676	15,515,398	6,077,946
Intangible assets	90,289	89,370	17,543	86,886	160,578
Net current assets/ (liabilities)	6,039,541	8,876,750	(446,548)	374,621	1,235,492
Non current liabilities	(1,638,684)	(303,447)	(978,539)	(1,393,312)	(732,696)
	24,497,198	24,985,946	14,263,132	14,583,593	6,741,320
Equity					
Issued capital	1,580,388	1,580,388	774,390	774,390	774,390
Share premium	10,076,720	10,076,720	-	-	-
Retained earnings	4,678,523	5,167,271	5,327,175	5,647,636	5,966,930
Revaluation Surplus	8,161,567	8,161,567	8,161,567	8,161,567	-
Total equity	24,497,198	24,985,946	14,263,132	14,583,593	6,741,320

STATEMENT OF PROFIT OR LOSS

	2023	2022	2021	2020	2019
	N'000	N'000	N'000	N'000	N'000
Revenue	7,892,139	5,332,322	3,827,964	1,947,583	5,188,276
(Loss)/profit before taxation	1,088,132	(808,281)	(2,620)	(466,714)	622,409
Taxation (charge)/credit	(1,564,496)	648,377	(317,841)	224,859	(699,656)
Loss profit after taxation	(476,365)	(159,904)	(320,461)	(241,855)	(77,247)
	2023	2022	2021	2020	2019
	(0.15)	(0.07)	(0.21)	(0.16)	(0.05)

SHAREHOLDER ADMINISTRATION FOR THE YEAR ENDED DECEMBER 31, 2023

Our esteemed shareholders,

To make our interactions with you on a number of issues that have been agitating shareholders easier and more seamless, we hereby attach a number of Forms for your use.

We urge you and trust that you would take advantage of these Forms and the opportunities they would present to ease shareholder management.

The duly filled Forms should be deposited with the Registrars- Cordros Registrars Limited, 21 Norman Williams Street, Ikoyi, Lagos or with the Company Secretary – Alex Ugwuanyi Esq, Suite 2B South East Pavilion, Tafawa Balewa Square, Lagos.

Please take note of the following Additional Information:

Authority to Mandate and Change Address

Several of you, our esteemed Shareholders and indeed the Regulators have expressed to the Board their concerns about unclaimed dividend balances and status of unclaimed certificates. We recognized the necessity to ensure that the balance on the unclaimed dividends account is optimized and the evidence of holding properly documented.

To this end, all Shareholders of Capital Hotels Plc with unclaimed dividends and certificates are urged to claim their dividends and certificates.

Shareholders are also encouraged to:

- Inform the Registrars promptly of any change of address or significant information that may affect your records as Shareholders and follow up to ensure rectification.
- Have their accounts mandated for e-dividend payment. Dividends would be credited to the account stated hereunder electronically. To forestall a situation where complaints are made of non-payment, the Registrars would forward advice slips of payment(s) made to such Shareholders.
- Establish CSCS accounts to which shares arising from corporate actions such as bonus, rights and offers for sale or subscription would be credited.

Kindly complete the Authority to Mandate and Change Address Form.

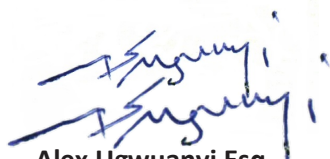
Authority to electronically receive corporate information

In line with the developments in electronic communications and to circumvent the usual issue of late receipt of corporate information, we would like to introduce to our Shareholders the electronic delivery of corporate information such as Annual Reports and Financial Statements, Proxy Forms, and others.

With this service, instead of receiving paper copies of corporate information and materials, you can elect to receive an email that will provide electronic links to this corporate information or receive a compact disk of the corporate information by post.

If you so elect, kindly complete the *Authority to Electronically Receive Information* Form.

Yours Faithfully



Alex Ugwuanyi Esq
Company Secretary

AUTHORITY TO MANDATE AND CHANGE OF ADDRESS

Kindly direct my/ our dividend payment(s) and my/ our shares in respect of my/ our holdings in Capital Hotels Plc into my/ our account(s) stated below:

Bankers Details	CSCS Details
Name of bank and branch	Name of Broker
Sort code	CSCS Account Number
Account number	Stamp of Broker and Signature of Account Schedule Officer
Account type (Current or Savings)	
Stamp of Bank and Signature of Account Schedule Officer	
<i>Further please note my/ our change of address and other information as follows:</i>	
Old Address	New Address
<i>Other information</i>	
GSM Number	Email address:
Shareholder Name	Shareholder Signature
Date (dd/mm/yyyy)	
Corporate Shareholders should please execute and seal in accordance with provisions of their Articles of Association.	

Please perforate the vertical left side such that shareholder can tear it off.

<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p style="margin: 0;">The Registrars Cordros Registrars Limited 21, Norman Williams Street, Ikoyi Lagos</p> </div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; display: inline-block; margin-left: 100px;"> <p style="margin: 0;">Please affix postage stamp here</p> </div>

.....

Authority to electronically receive corporate information

I/ We hereby agree to electronically receive corporate information from Capital Hotels Plc, including but not limited to Annual Reports and Financial Statements, Proxy Forms, prospectus, newsletter and other corporate documentations through *(please tick one option)*

Electronic copy via a Compact disc (CD) sent to my postal address

Receive notification by email or GSM to download from the Company website or the Registrar's website

Kindly forward to my email address stated hereunder

Description of Service

This procedure is in line with the consolidated Securities and Exchange Commission Rule 193 (b) of September 2011 which states inter alia "A registrar of a public company may dispatch annual report and notices of general meeting to shareholders by electronic means".

By enrolling in electronic delivery service, you have agreed that announcements/ shareholder communication material can be made available electronically. The subscription and enrolment will be effective for all holdings in the specified accounts on an on-going basis unless you change or cancel your enrolment.

It is the shareholders responsibility to notify the Company through the Registrars or office of the Company Secretary of the changes of their names, addresses or other contact details. The election and relevant contact address details will stand until such time as the Company receives alternative instructions from the shareholders.

Shareholders should please note that with electronic communications the Company's obligation will be satisfied when it transmits any of the corporate information to the electronic address on record with the Registrars. The Company cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failures.

Before electing for electronic communication, shareholders should ensure that they have the appropriate equipment and computer capabilities sufficient for the purpose.

The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out. But the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachment from the Company and recommend that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgment of an electronic proxy form, that is found to contain any virus will not be accepted.

GSM Number

Email

Shareholder Name

Shareholder Signature

Date (dd/mm/yyyy)

Proxy Form

ANNUAL GENERAL MEETING TO BE HELD AT THE ABUJA CONTINENTAL HOTEL, ABUJA ON THURSDAY MAY 9, 2024 AT 12 NOON.

I/WE

A member /members of the above company do hereby appoint*

Or failing him, the Chairman as my/our proxy to attend and to vote on my /our behalf at the 2024 Annual General Meeting of the Company to be held on the May, 2023

Dated this..... Day of..... 2024

RESOLUTIONS		For	Against
1.	To lay before the members the Audited Financial Statements for the year ended December 31, 2023, etc.		
2.	To re-elect the following Directors: i. Mr Chuma Anosike ii. Alh. Aminu Abdulkadir iii. Alh. Nurudeen Abubarkar		
3.	To elect members of the Audit Committee		
4.	To authorize the Directors to fix the Remuneration of the Auditors.		
5.	To disclose the remuneration of the Managers of the Company.		
6.	To fix the remuneration of the Directors.		

NUMBER OF SHARES

Notes	
1.	Before posting the above proxy form, please tear off this part and retain it. A person attending the Annual General Meeting of the Company or his proxy should produce this slip to the meeting.
2.	A member of the Company who is entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and to vote instead of him, and in this case, the above may be used to appoint a proxy.
3.	Following the current practice, the Chairman of the Company has been entered on the form to ensure that someone will be at the meeting to act as your proxy, but you may insert in the blank space on the form (marked *) the name of any person whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.
4.	The above Proxy Form, when completed, must be deposited at the office of the Registrars, Cordros Registrars Limited, 21 Norman Williams Street, Ikoyi, Lagos, not later than 1.00 pm, Tuesday May 7, 2024
5.	It is the requirement of the law under the Stamp Duty Act Cap 411 Laws of Federation of Nigeria, 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 bear a stamp duty of three (3) kobo (impressed and not adhesive postage stamps).
6.	<div style="border: 1px solid black; padding: 5px;"> <p>Please indicate with "X" in the appropriate square how you wish your vote(s) to be cast on the Resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.</p> </div> <p>If the proxy form is executed by a Corporation, it should be sealed under its Common Seal or under the hand seal of its attorney.</p>
<i>Before posting the above form, please cut off this part and retain it for admission to the meeting.</i>	