CAPITAL HOTELS PLC

(Owners of Abuja Continental Hotel)

ANNUAL REPORT/ ACCOUNTS 2022

Year Ended 31 December 2022

Abuja Continental Hotel

CAPITAL HOTELS PLC
(Owners of Abuja Continental Hotel)

REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2022

1.0 PREAMBLE

1.1 OVERVIEW

Capital Hotels Plc. was incorporated on 16 January 1981 as a private limited liability company. It became a public liability company (Plc.) on 31 May 1986. Its Hotel commenced business in January 1990.

The Hotel, which is located at 1 Ladi Kwali Way, Zone 4, Wuse, Abuja trades under the name of Abuja Continental Hotel.

The strategic plan of Capital Hotels Plc is to formulate, evaluate and select strategies for the long-term prosperity of the Company and thus ensure that shareholder value is enhanced continuously and that the Company has adequate resources to continue in operational existence for the near future.

1.2 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

1.3 BOARD OF DIRECTORS AND OTHER PROFESSIONAL ADVISERS

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

Registration Number:
RC 36985

COMPANY SECRETARY
Ifebunandu & Co
Barristers & Solicitors
Suite 2B South East Pavilion,
Tafawa Balewa Square,
Lagos

REGISTRARS
CardinalStone Registrars Limited
335/337 Herbert Macaulay Way,
Yaba, Lagos
www.cardinalstone.com
email: registrar@cardinalstone.com

AUDITORS:
Ernst & Young
10th Floor UBA House
57 Marina
Lagos – Nigeria

BANKERS:

Polaris Bank Ltd
Guaranty Trust Bank Plc
Zenith Bank Plc
Union Bank Plc

SOLICITORS:

Ace Solicitors
9, Negro Crescent
Off Aguiyi Ironsi Street
Maitama District, Abuja

Board of Directors

Ramesh Kasangra
Chairman

Ravi Bachu
Managing Director/CEO

Pascal Demarchi
Executive Director

Robert Itawa
Executive Director

Chuma Anosike
Non-Executive Director

Alhaji Abatcha Bulama
Non-Executive Director

Toke Alex- Ibru
Non-Executive Director

Rishi Kasangra
Non-Executive Director

Chief Paul Obi, *KSC*
Non-Executive Director

Alhaji Aminu Abdulkadir
Non-Executive Director

Hon. Lawal M. Idirisu
Independent Non-Executive Director

Profile of Directors

Ramesh Kansagra
Chairman

(Appointed to the Board in August 2022)

Mr. Ramesh Kansagra is a First-Class Honours 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

Mr. Ramesh Kansagra 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).

Ravi Bachu
Managing Director/CEO

(Appointed to the Board in August 2022)

Mr. Bachu is a Chartered Accountant and a Certified Company Secretary with about 22 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.

Mr. Bachu is the Managing Director/CEO of Capital Hotels Plc.

Pascal Demarchi
Executive Director

(Appointed to the Board in August 2022)

Mr. Pascal Demarchi is an Executive Director in Capital Hotels Plc.

Mr. Pascal Demarchi brings over 40 years' experience in hospitality across 6 countries in Africa to the Board. He has 30 years senior management experience in major Hotel brand including Marriott International, Louvre Hotels and The Lux Collective. He is a product and graduate of the French Hotelier Lyce "Savoie Leman" at Thonon-Les-Bains on the shores of the Lac Leman, in France. He brings a wealth of expertise in the hospitality field with a full understanding of implementing mechanism and strategies to make a hotel successful.

Robert Itawa
Executive Director

Mr. Itawa holds a Bachelor of Science Degree in Accounting from the University of Lagos. He also holds a Master of Science Degree in Banking & Finance from the University of Benin and a Fellow of the Institute of Chartered Accountants of Nigeria. Mr. Itawa is an Associate member of the Nigerian Institute of Chartered Arbitrators and a Management Trainer certified by the Centre for Management Development.

Prior to this appointment, Mr. Itawa was the General Manager of the Hotel. He manages the interface among the Hotel Managers, the regulatory agencies and the Board of Directors to ensure harmonious operations. Before joining Capital Hotels Plc, Mr. Itawa had worked with several organizations.

Chuma Anosike
Non-Executive Director

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

Mr. Anosike is a legal practitioner with over 25 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 the Chairman of the Nomination, Governance and Risk Committee and a member of the Business, Finance and Purchasing Committee of the Board. He also serves as a member of the Statutory Audit Committee.

Alhaji Abatcha Bulama
Non-Executive Director

He is a seasoned Chartered Accountant with over 30 years' experience. Alhaji Abatcha Bulama is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Bankers of Nigeria (CIBN) and the Managing Partner of Alhaji Abatcha Bulama & Co. He was also the AG Executive Commissioner, Operations of the Securities and Exchange Commission, Abuja.

Alhaji Abatcha Bulama graduated from the Ahmadu Bello University Zaria in 1981 with BSc Accounting. He also holds an MBA. He has attended several courses and seminars including International Financial Reporting Standards (IFRS) by ICAN (2012).

Toke Alex-Ibru
Non-Executive Director

Mr. Toke Alex-Ibru is a History graduate from the University of Exeter in 2002.

Mr. Toke Alex-Ibru specialised in Media Development in Nigeria with over 10 years of commercial experience in Publishing, 5 years in hospitality management and determined to forge a career in the Media, Hospitality and Entertainment in Nigeria.

Rishi Kansagra
Non-Executive Director

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)
Non-Executive Director

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 .

Alhaji Abdulkadir Aminu Mamman
Non-Executive Director

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 Sarki Hurmi Adamawa and a council member of the Emirate.

Hon. Lawal M. Idirisu
Independent Non-Executive Director

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 29 March 2023.

1.4 RESULTS AT A GLANCE FOR THE YEAR ENDED 31 DECEMBER

	2022 N'000	2021 N'000	% Increase/ (Decrease)
Major Balance Sheet Items:			
Property, Plant and Equipment (Fixed Assets)	16,323,273	15,670,676	4.16
Other Non- Current Assets	89,370	17,543	409.43
Current Assets	13,090,927	2,340,510	459.32
Non- Current Liabilities	303,447	978,539	(68.99)
Current Liabilities	4,214,177	2,787,058	51.21
Retained Earnings	5,167,271	5,327,175	(3.00)
Share Capital	1,580,388	774,390	104.08
Shareholders' fund	24,985,946	14,263,132	75.18
Revaluation Surplus	8,161,567	8,161,567	-
Major Profit and Loss Account Items:			
Turnover	5,332,322	3,827,964	39.30
Gross Profit/(Loss)	(501,359)	526,731	(195.18)
(Loss) before taxation	(808,281)	(2,620)	30,750.42
(Loss) after taxation	(159,904)	(320,461)	(149.90)
Per 50k Share Data			
Earnings per share (Kobo) – Basic	(0.07)	(20.69)	(99.66)
Earnings per share (kobo) – Diluted	(0.07)	(20.69)	(99.66)
Dividend per share – Kobo	-	-	
Dividend Cover – Times	-	-	
Net assets per share – Kobo	791	921	(14.12)
Ordinary shares and employees:	**No. of Shares:**	**No. of Shares:**	
Issued	3,160,775,510	1,548,780,000	104.08
Employees	254	285	(10.88)

2 BUSINESS OVERVIEW

2.1 CHAIRMAN'S STATEMENT

Distinguished Shareholders, Members of the Press, Ladies and Gentlemen.

On behalf of the Board of Directors of Capital Hotels Plc., I am pleased to welcome you to the 42nd Annual General Meeting of your prestigious Company and to present to you the Annual Report and Financial Statements for the year ended 31 December 2022.

The year 2022 presented a very challenging macroeconomic environment. The Russia – Ukraine war puts a lot of pressure on prices of foodstuff. The massive depreciation of the Naira against the US Dollar further fueled domestic inflation. Following from there, I will quickly scan the economic environment within which the Hotel operated during the year under review.

REVIEW OF THE GLOBAL ECONOMY

While the impact of COVID-19 wanes in this part of the world, different strands of the virus have emerged in other parts of the world thus curtailing travel demands. In the year 2022, the Nigerian economy was at the precipice of recession. The main driver of the economic recession was the shortfall of crude oil production and export.

The statistics published by the National Bureau of Statistics (NBS) indicated that Nigeria's Gross Domestic Product (GDP) grew by 2.9% in real terms in Q3 2022. The estimated annual growth of real GDP in 2023 is 3.75% while her population growth rate is put at 2.41%. For the Nigerian economy to be stable, her population growth rate should be reasonably lower than her GDP's.

Access to affordable funding by the real sector of the economy has continued to be a challenge. With the Monetary Policy Rate (MPR) standing at 17.5% in January 2023, the cost of funds for the real sector is at best beyond the reach of the average business.
The Monetary Policy Committee of the CBN uses its tools to measure the MPR and Cash Reserve Requirement (CRR) as a reflector of interest rate in the economy.

A significant source of concern in 2023 was the headline inflation targeted at 17.16%. By December of 2022, inflation rate eased from 21.47% to 21.34%. To achieve the target rate in 2023 will be a herculean task.

Food price inflation, especially staple food caused by supply chain disruptions linked to the Russian – Ukraine war on the one side and insecurity including exchange rate volatility on the other side stood at 24.13%. This index has raised food-security concern in the country in 2023.

The global oil market, recorded a favourable price of $88.19 per barrel of crude. This is expected to be a source of comfort for the economy if crude production target is achieved.

The benchmark data underlining Nigeria's budget 2023 were crude oil production estimated at 1.69 Million Barrels Per Day (MBPD), oil price put at $75 per barrel; exchange rate budgeted at N435 to the United States Dollar. Others are the target inflation planned for 17.16% and Gross Domestic Product (GDP) growth rate taken as 2.9%.

In its forecast, the African Development Bank (ADB) projected 2.5% GDP growth rate for Nigeria in 2023. The International Monetary Fund (IMF) expect the Nigerian economy to expand by 3.2% in 2023 while the World Bank made a more conservative estimate of 2.9%. Perhaps the International Development Finance Institutions' conservative posture arose from the persistent inflationary pressures, rising public debt and debt servicing burden, which could weigh on Nigeria's growth prospects. Overall, the economic prospect of Nigeria as elucidated in the 2023 Budget is to promote fiscal sustainability, macroeconomic stability and ensure smooth transition to the incoming Administration. The budget, according to the President, was also designed to promote social inclusion and strengthen the resilience of the economy.

The African Continental Free Trade Area Agreement (AfCFTA), adopted on March 21, 2018, during the 18th Extraordinary Session of the Assembly of AU Heads of State and Governments in Kigali, Rwanda, shows substantial indications of the member states of the African Union doing business among themselves. The body seeks to create a single continental market for goods and services in member nations, free movement of businesses, persons and investments using a single currency. The Agreement's scope covered trade in goods, services, investment, and rules and procedures on dispute settlement, including a range of provisions to facilitate trade, reduce transaction costs, provide exceptions, flexibilities and safeguards for vulnerable groups and countries in challenging circumstances.

Amid the fears of dumping, Nigeria set up a committee to assess the potential cost and impact of signing up to the Agreement, and the committee reported that AfCFTA would be implemented in phases. The country then deposited its instrument of ratification of the Agreement in late 2020 ahead of the deadline put at December 31.

The continental free-trade zone, once implemented, will bring together 1.3 billion people in a $3.4 trillion economic partnership, and create a single market for goods and services and movement of persons to increase intra-African trade. It will come into effect in stages, the first being to establish a protocol for trade in goods and services and dispute-settlement rules. The second will cover competition, investment, and intellectual property rights.

The new face of Capital Hotels Plc

In the second half of 2022, a major change occurred in the operation of the Hotel. This change saw the transformation of its operation from Sheraton Abuja Hotel to Abuja Continental Hotel. The aim is to streamline operations, run a slim and efficient hotel to grow shareholder value.

STAYING AHEAD IN AN EVOLVING ECONOMIC LANDSCAPE

Capital Hotels Plc will continue to enhance its dominant position in the hospitality industry in the Abuja Market as the new rooms under renovation come into full operation in year 2023.

The Hotel will continue its culture of excellent service delivery as the hallmark of our brand, a tradition we proudly improve on year-on-year. This is in addition to the homely ambience of the Hotel as well as its unbeatable cuisines. This tradition is borne out of our long-term confidence in the hospitality sector of the Nigerian economy.

HIGHLIGHTS OF 2022 FINANCIAL PERFORMANCE

During the year under review, Capital Hotels Plc posted an average top-line result. Its Turnover rose from N3.83bn in 2021 to N5.33bn in 2022 and Cost of sales fueled by cost of restructuring rose to N5.83bn in 2022 from N3.27bn in 2021, thereby posting a loss for the year. The net assets of the Hotel increased by 75.2% to N24.99bn in 2022, mainly due to the share premium that arose from the new shares allotted to the majority shareholder during the year.

HOTEL RENOVATION

The completion date of the first phase of the Hotel’s renovation involving about 97 rooms and the Club Lounge is now scheduled for end of the first quarter of 2023. In addition to the said rooms a major facelift is being undertaken by the Hotel in line with the promise made by the new majority shareholder at the inaugural board meeting.

The renovation objective is to enhance the outlook of the property and give a memorable experience to guests and other stakeholders for their loyalty.

THE BOARD OF DIRECTORS

Major changes occurred on the board because of the emergence of the new majority shareholder. To accommodate the new investors, the following directors resigned with effect from 15 August 2022:

- Chief Anthony Idigbe PhD, SAN (then Chairman of the Board);
- Mr. Akpofure Ibru;
- Alexander Thomopulos PhD;
- Fadeke Olugbemi (Mrs.); and
- Helen Da-Souza (Mrs.).

The existing directors who were retained were:

- Chuma Anosike;
- Abatcha Bulama;
- Toke Alex-Ibru; and
- Robert Itawa.

The following new directors came on board on the same day: Mr. Ramesh Kansagra (elected Chairman), Ravi Bachu, Pascal Demarchi, Chief Paul Obi, Rishi Kansagra and Aminu Abdulkadir.

DIVIDEND

Due to the low level of economic activities and the ongoing upgrade of a portion of the Hotel from internally generated revenue, the Board did not recommend the payment of dividend.

Outlook for 2023

The World Bank and the African Development Bank expressed cautious optimism in their forecast of GDP growth rate for Nigeria in 2023. This is sequel to the expected global recession in 2023, the yet to be concluded war between Russia and Ukraine and state of insecurity across the length and breadth of the country.

A new government is expected to debut in May 2023. With it, new economic policies will emerge. We look forward to seeing how the new policies will handle the rising inflation, national debt profile and debt servicing burden, especially the depreciating national currency.

We look forward also to seeing a policy plank to address the state of energy supply as a major driver of the economy to reverse the negative economic indices that were with us in the time past.

Climate change is a major issue that requires the public and private sectors to collaborate to churn out policies that will foster economic growth over time. Frantic effort is needed to encourage the growth of the non-oil sector of the economy, especially the SMEs segment – a drive that is expected to be a part of strategies to entrench gains in innovation and technological efficiency.

For the business of Capital Hotels Plc, we will direct our attention to giving the Hotel a new look, make smart investment in innovation including deploying hospitality tools to recapture our lost ground. The central theme is to enhance guest experience, value for money and guest loyalty.

APPRECIATION

Capital Hotels Plc is now being repositioned to take its pride of place in the Abuja hospitality market, thanks to the cooperation of the directors and the stakeholders. We are set to deliver enviable results going forward.

I appreciate the shareholders for their support, their faith in the Hotel, and for allowing me to serve. My appreciation goes also to the immediate past Chairman and Board Members for their positive roles in steering the ship of state of the Hotel. I am grateful to our customers for their continued loyalty, our hardworking and dedicated management and line staff for their unwavering commitment to attaining the company's objectives.

I wish to thank my colleagues on the board for continually spurring the management to deliver on set strategies and keep up with its value proposition to all stakeholders.

Above all, we must thank God for His guidance and mercy and pray for His continuous direction for the Hotel for the years ahead.

Thank you.

Mr. Ramesh Kansagra
Chairman

2.2 CEO's Report

Distinguished shareholders, ladies, and gentlemen. It is my pleasure to welcome you to the 42nd Annual General Meeting of Capital Hotels Plc.

Our great company, Capital Hotels Plc, the hospitality Company of first choice, is poised to take its pride of place in the industry. As we climb the ladder of leadership of the market, our focus is to enhance our infrastructure and product offerings to deliver superior service to our guests.

The year 2022 was a turning point in the annals of the Company. A year that debunked an enlargement of the capital base and fast tracked the infrastructural development of the company. Our focus has been to continue to implement strategies, protocols, and direction for growing the business whilst, promoting the health and safety of our employees, guests and other stakeholders as a major priority of the Hotel.

RESULTS

In the year ended 31 December 2022, the Company posted a top line revenue of N5.3bn representing a 39% growth from comparative prior year - an increase that arose from optimally utilizing our asset.

The Hotel however recorded a Net Loss of N501m. The loss arose from the huge cost of restructuring the operations of the Hotel including the labour force. The restructuring has positioned the Hotel for a better future performance.

BALANCE SHEET

Assets

The assets of the Hotel grew to N29.5bn from N18bn in 2021, a percentage increase of 64%. While property, plant and equipment expanded by 4.6%, other assets including intangibles rose by 458.5%.

Liabilities

The Company had a total liability of N4.5bn as at 31 December 2022 up from N3.8bn in 2021, an increase of 18%, all of which are non-interest bearing.

Going Concern

The Directors continue to apply the going concern principle and after considering the liquidity position and availability of resources, there are no significant threats to the Hotel's going concern capabilities.

Upgrading the Ladi Kwali Conference Centre

We are continuing with the upgrade of the ballrooms and meeting rooms for the comfort of our patrons.

Our priorities for 2023
Our priority for 2023 is to refresh and better utilize our assets for optimum performance and value creation. To achieve this, we will continue to improve, innovate and optimize on every aspect of the Hotel with a view to enhancing our operational efficiency to delight our guests and improve our bottom-line. We will continue to build on the cost saving measure we have embarked upon since disruptions in the market by the onslaught of the COVID-19 pandemic.

Concluding remarks
In our operation, we will continue to embed innovative approaches to the emerging trends in the hospitality sector in the Nigerian market.

We will also continue to entrench the hygiene protocols occasioned by the new normal in our market space. We will further entrench, enhance guest experience, and thus re-affirm our vision of hotel of first choice for our stakeholders. We thank all our staff members for the teamwork and drive to excel during the turbulent period of our history. In no time, we will overturn the red lines to blue.

I hereby express my appreciation to the Board, Management, and shareholders for their immense support and encouragement in the journey thus far. I hereby pledge that together we will attain to greater heights in the upcoming year and beyond. Permit me to thank our distinguished guests and customers including suppliers for your trust and continued patronage.

Distinguished ladies and gentlemen, the time has come for us to chart a course to a higher altitude. Let us dream with ambition and work with conviction to attain our set objective as we trudge into a prosperous 2023.

Thank you.

Ravi Bachu
Managing Director/CEO

GOVERNANCE

Directors' Report

The Directors have pleasure in presenting to the members of Capital Hotels Plc their report together with the audited financial statements for the year ended 31 December 2022.

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 31 December 2022 is stated below. The loss for the year of N159.9 million has been transferred to retained earnings. Presented below are the summarised results:

	2022 N'000	2021 N'000
Revenue	5,332,322	3,827,964
Gross Profit/(Loss)	(501,359)	555,929
Loss before taxation	(808,281)	(2,620)
Taxation	648,377	(317,841)
Loss after taxation	(159,904)	(320,461)

Dividend

The directors have not recommended the payment of dividend in respect of the year ended 31 December 2022. (2021: Nil).

Directors' Interest in contracts

None of the Directors has notified the Company for the purpose of section 303 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

None of the directors who held office during the year and to the date of this report has indicated their direct and indirect interests in the issued share capital of the Company as recorded in the register of Directors' shareholdings and/or as notified by the Directors for the purposes of sections 301 of the Companies and Allied Matters 2020 except:

	2022		2021	
	Direct	Indirect	Direct	Indirect
Chief Paul Chukwuma Obi	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:

	31 December 2022		31 December 2021	
	Number of shares	% holding	Number of shares	% holding
22 Hospitality Ltd	2,090,199,140	66.13		
Hans-Gremlin Nig. Ltd	333,236,463	10.54	789,877,800	51.00
Continental Energy Resources Ltd	228,564,655	7.23	228,564,655	14.76
Oma Investment Ltd	228,648,915	7.23	228,648,915	14.76
Abuja Invt. & Prop. Dev. Co. Ltd	100,775,620	3.19	100,775,620	6.51
Bank of Industry Limited (NBCI)	13,200,000	0.42	13,200,000	0.85
Ministry of Finance Incorporated	31,348,113	0.99	31,348,113	2.00
Associated Ventures Int'l Ltd	21,562,293	0.68	43,124,586	2.78
Bank of Industry (NIDB)	28,464,040	0.90	28,464,040	1.84
Nigeria Re-insurance Corporation	31,059,600	0.98	31,059,600	2.01
Nigeria Airways Pension Board	7,374,400	0.23	7,374,400	0.48
Others	46,342,271	1.48	46,342,271	3.01
Total	3,160,775,510	100.00	1,548,780,000	100.00

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.

The issued share capital increased from 1.549 billion shares to 3.16 billion shares of 50 kobo each in the course of the year to inject more funds into the operations of the Hotel.

Analysis of shareholding

Share range			No. of shareholders	No. of shares held at 31 Dec.,2022	% Holding
1	-	5,000	5,217	3,531,474	0.11
5,001		50,000	425	6,494,011	0.21
50,001	-	200,000	77	8,024,203	0.25
200,001	-	1,000,000	15	5,925,084	0.19
1,000,001	-	100,000,000	18	157,917,337	5.00
100,000,001	-	Above	5	2,978,883,401	94.24
			5,738	3,160,775,510	100.00

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
2002	800,000,000	774,390,000	Debt conversion & privatisation
2022	1,580,387,755	1,580,387,755	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 Directors only that reflects the industry competiveness.	Paid monthly during the financial year.

Other allowances	Part of gross salary package for Executive Directors only	Payable at periodic intervals during the financial year.
Productivity bonus	Paid to Executive Directors 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.

Property, Plant and Equipment
Shown in Note 14 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 in, and offers equality of 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's reviews and test 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 less-abled persons in its employment as at 31 December 2022.

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.

It also offers specialist on-the-job and off-plant training for the staff in other institutions in Nigeria and overseas where a training need analysis throws up a gap. 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 shares.

Management Agreement

The Hotel was managed and operated by Marriott International (owner of Starwood Hotels & Resorts Inc) under Operating Services Agreement; System License Agreement and Centralized Services Agreement, which subsumed the earlier Agreements entered between the Company and Sheraton Overseas Management Corporation in January 1990 up to and including September 2022. Under the agreement, Marriott would operate the hotel in the same manner as is customary and usual in the operation of similar of its hotels in the same geographical region and which appeal to the same market.

Audit Committee
The members of the Statutory Audit Committee appointed at the Annual General Meeting held on 27 May 2020 in accordance with Section 359(3) of CAMA were:

- Barr. (Chief) C. F. Nwokocha (Member)+
- Mr. Olugbosun Banji (Member)+
- Mr. Patrick Ajudua (Member)+
- Mr. A. Bulama (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 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.

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 director's 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 (2021: N425,000), safe for a visit to Charity Faith and Hope Orphanage, Gudu-Abuja.

Tagged ‘Take Care’ Activity under the auspices of its corporate social responsibility, the Hotel visited the Charity Faith and Hope Orphanage, Gudu-Abuja during the year.

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).

Fines and penalties

The Company was free of fines and penalties in the year under review.

AUDITORS

Ernst & Young was appointed as the auditors on 8 February 2018 but have voluntarily elected to step down as the Company's auditors in the light of emergence of the new majority shareholder in the Hotel.

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.

The Company concentrates its social investment expenditure in defined focus areas which currently include education and attention to vulnerable children to make the FCT a better place to live. These focus areas are subject to regular review to reflect the socio-economic dynamics of our Catchment area.

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 31 December 2022.

Signed on behalf of the Board by:

Alex Ugwuanyi, Esq
FRC/2017/NBA/000000016473
For: Ifebunadu & Co
Company Secretary

29 March 2023

CAPITAL HOTELS PLC

STATEMENT OF CORPORATE RESPONSIBILITY FOR PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

We hereby certify that:

a) We the undersigned have reviewed the annual report, audited financial statements of Capital Hotels Plc ("the Company) for the year ended 31 December 2022 and other national disclosures.

Based on our knowledge as officers of the Company, the annual report audited financial statements and other national disclosures do not contain:

- i. any untrue statement of a material fact, or
- ii. omit to state a material fact, which would make the statement misleading in the light of the circumstances under which the statement was made.

b) Based on our knowledge, the financial statements and other financial information included in the annual report fairly represent in all material respect, the financial conditions and results of operations of the Company as of, and for the period presented in the report.

c) We, the undersigned:

- i. are responsible for establishing and maintaining controls;
- ii. have designed such internal controls to ensure that material information relating to the Company is made known to us by others within those entities particularly during the period in which the periodic reports are being prepared;
- iii. have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- iv. have presented in the report our conclusions about the effectiveness of the internal controls based on their evaluation as of that date;

d) We have disclosed to the external auditors of the Company and the audit committee:

- i. all significant deficiencies in the design or operation of the internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's Auditors any material weakness in internal controls, and
- ii. any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.

e) We have identified in the report whether or not there were significant changes in internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

………………………………	………………………………
Managing Director/CEO	Director
Mr. Ravi Bachu	Mr. Robert Itawa
FRC/2023/PRO/DIR/071/893689	FRC/2013/ICAN/00000000887

CAPITAL HOTELS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

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 loss 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	Director
Mr. Ravi Bachu	Alhaji Aminu Abdulkadir
FRC/2023/PRO/DIR/071/893689	FRC/2023/PRO/DIR/071/460507

30 March 2023

3.4 Corporate Governance Report

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.

3.4.1 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 tandem with global best practice.

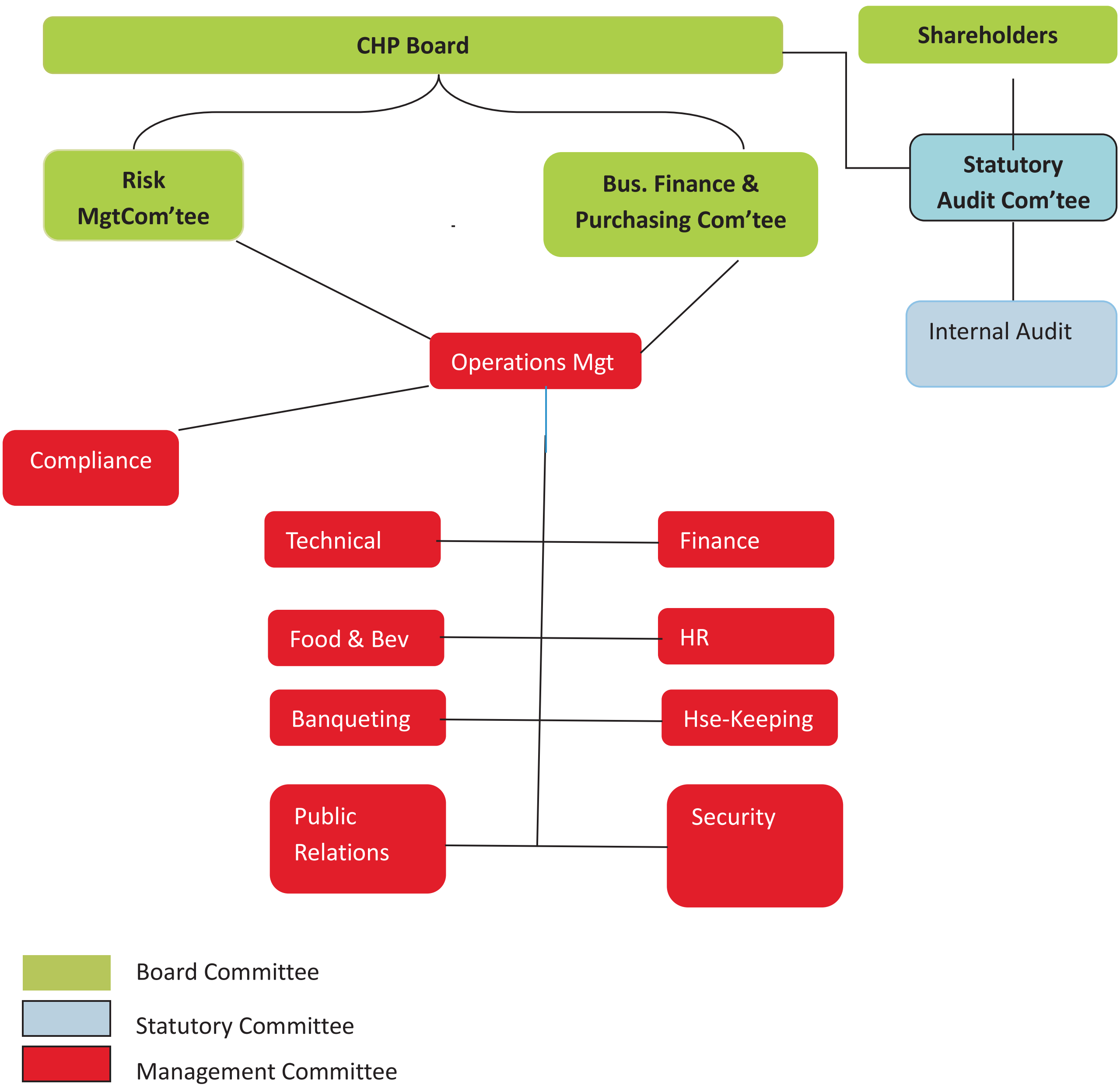
The Company complied with the provisions of the National Code of Corporate Governance issued by the Financial Reporting Council (FRC) and the Securities & Exchange Commission (SEC), together with its Audit Regulation, the Guidelines by the SEC and all applicable laws regulating corporate governance during the year ended 31 December 2022. In the course of the year under review, 11 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

3.4.2 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.



The Company during the year ended 31 December 2022, 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.

- **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.

3.4.3 Board of Directors

The Company has a 11-member Board of Directors consisting of three (3) executives, seven (7) 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 four times in a year. Disclosed in 3.4.5 below are the details of Directors' attendance of Board meetings in the Year 2022.

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.

3.4.4 Membership of the Board

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

SN	DIRECTOR	POSITION	DATE APPOINTED TO THE BOARD	DATE(S) RE-ELECTED/ APPOINTED	RESIGNATION/ RETIREMENT DATE
1	Mr. Ramesh Kansagra	Chairman	15 August, 2022	Nil	N/A
2	Mr. Ravi Bachu	Managing Director/ CEO	15 August, 2022	Nil	N/A
3	Pascal Demarchi	Executive Director	15 August, 2022		N/A
4	Mr. Robert Itawa	Executive Director-Finance	2017	NIL	N/A
5	Alhaji Abatcha Bulama	Non-Executive Director	2017	24 May 2021	N/A
6	Mr. Chuma J. Anosike	Non-Executive Director	2011	24 May 2021	N/A
7	Mr. Toke Alex -Ibru	Non-Executive Director	2017	27 May 2020	N/A
8	Chief Paul Obi	Non-Executive Director	15 August, 2022	NIL	N/A
9	Rishi Kansagra	Non-Executive Director	15 August, 2022	Nil	N/A
10	Alhaji Aminu Abdulkadir	Non-Executive Director	15 August, 2022	NIL	N/A

3.4.5 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.

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

Attendance at Board meetings from 1 January – 31 December 2022 is set out in the following table:

Name	Jan. 28	Feb. 25	March 22	April 25	July 26	Aug. 15	Sept. 27	Oct. 19	Oct. 26
Anthony. I. Idigbe, SAN	NO	YES	YES	YES	YES	YES	N/A	N/A	N/A
Ramesh Kansagra	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES
Ravi Bachu	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES
Robert Itawa	YES	YES	YES	YES	YES	YES	YES	YES	YES
Pascal Demarchi	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES
Abatcha Bulama	YES	YES	YES	YES	YES	YES	YES	YES	YES
Toke Alex -Ibru	NO	YES	NO	YES	NO	YES	NO	NO	NO
Chief Paul Obi	N/A	N/A	N/A	N/A	N/A	YES	YES	YES	YES
Justin C. Anosike	YES	YES	NO	YES	YES	YES	YES	YES	YES
Rishi Kansagra	N/A	N/A	N/A	N/A	N/A	YES	YES	NO	NO
Aminu Abdulkadir	N/A	N/A	N/A	N/A	N/A	YES	NO	YES	YES
Fadeke Olugbemi	YES	NO	YES	NO	YES	YES	N/A	N/A	N/A
Akpofure Ibru	YES	YES	YES	YES	YES	YES	N/A	N/A	N/A
Alexander Thomopulos	NO	NO	NO	NO	NO	NO	N/A	N/A	N/A
Helen Da-Souza	YES	YES	YES	NO	YES	YES	N/A	N/A	N/A

3.4.6 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 repo rting 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:

3.4.7 Statutory Audit Committee (Company Committee)

The Statutory Audit Committee of the Company's functions have been developed in accordance with the provisions of the Companies and Allied Maters Act (CAMA) 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.

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

As at 31 December 2022, 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
Alhaji Abatcha Bulama**	Member

* = Shareholders' Representative
** = Non-Executive Director

The Shareholders re-elected the entire shareholders' representative on the Audit Committee at the AGM held on 2 4 May, 2022.

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

Name	Jan. 24	Feb. 23	April 22	July 22	Oct. 24
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
Alhaji Abatcha Bulama	YES	YES	YES	YES	YES
Barr. Justin C. Anosike	YES	YES	YES	YES	YES

3.4.8 Nomination, Governance and Risk Committee

The Nomination, Governance and Risk Management Committee of the Board handled its responsibilities in three broad areas during the year ended 31 December 2022, namely, nomination matters, governance issues and risk management concerns. The details of these functions are contained in the Charter of the Committee in www.capitalhotelsng.org

During the year, the Committee executed its mandate and made recommendation to the Board on the functions stated above, which in the opinion of the Committee deserved the attention of the Board. The following were members of the Committee and their attendance at meeting:

Name	Mar. 9	July 21
Barr. Justin C. Anosike	YES	YES
Mr. Musa Nasr	NO	NO
Mrs. Fadeke Olugbemi	NO	NO
Alhaji Abatcha Bulama	YES	YES
Mr. Toke Alex - Ibru	NO	NO
Mr. Akpofure Ibru	YES	YES

3.4.9 Business, Finance and Purchasing Committee

The Business, Finance and Purchasing Committee of the Board during the period under review was vested with performing three broad functions, namely, oversight of business development functions, handling financing issues and handling procurement matters. For detailed review of these functions, please visit the Committee Page at www.capitalhotelsng.org

During the year, the Committee discharged its responsibilities and made recommendations to the Board on its functions, which in the opinion of the Committee deserved the attention of the Board. The following were members of the Committee and their attendance at meetings:

Name	Jan. 24	Feb 23	April 6	Apr 22	Jun 17
Alhaji Abatcha Bulama (Chairman)	YES	YES	YES	YES	YES
Barr. Justin C. Anosike	YES	YES	YES	YES	YES
Mrs. Fadeke Olugbemi	YES	NO	NO	NO	NO
Mr. Akpofure Ibru	YES	YES	YES	YES	YES
Mr. Toke Alex - Ibru	NO	NO	NO	NO	NO
Dr. Alexander Thomopulos	NO	NO	NO	NO	NO
Mr. Robert Itawa	YES	YES	YES	YES	YES

3.4.10 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:

a. The Managing Director/CEO
b. Executive Directors
c. General Manager of the Hotel
d. Head of Operations
e. Head of Finance
f. Head, Internal Audit & Compliance
g. Head, Human Resources
h. Company Secretary

3.4.11 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 tha t 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 Chairman and the Board of Directors.

3.4.12 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.

3.4.13 Investor relations

The Company has an investors' relations unit under the EMT, which provides briefings to all stakeholders on operations of the Company and also files statutory returns to the regulatory authorities, which information is usually accessible to the shareholders via market news.

3.4.14 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

3.4.15 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.

3.4.16 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.

3.4.17 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 2022, 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.

3.4.18 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.

3.4.19 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.

3.4.20 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 sponsor 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.

3.4.21 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 2022 in agreement with the Committee Chairmen and each Committee member. The assessment covered a number of areas, including the 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.

3.4.22 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.

3.4.23 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.

3.4.24 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.

3.4.25 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.

3.4.26 Sustainability report

Statement on the Company's environmental, social and governance activities
The continuing success of Capital Hotels Plc is hinged on its commitment to a culture of conducting its business in a sustainable manner.

We further 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.

To buttress our commitment to sustainability even in the face of challenging macro-economic environment, we hereby present our 2022 sustainability report that is focused on three key areas, namely Environment, Social and Governance (ESG), which shows our role in, and contribution to society.

Environment
The World Bank has projected that Nigeria will have a youth population of 74% between the ages of 18 and 23 years. In the same vein, the country's population will rise to 450 million making her the third largest in the world.
The implication of the above statistics is multi-dimensional. There will be rising demand for education and consumption, including medical services, housing, clothing and a lot more. A lot of pressure will therefore be put on the environment. Our operation is to mitigate the adverse effect of the pressure on the environment in the following area:

Waste management - in protecting the environment, we handle waste management efficiently while providing the bedrock for recycling of waste via specially designed bins for different categories of waste. While reducing the need for extracting, refining and processing raw materials, 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 waste. Our strategy to reduce food waste is to minimize the overall amount of waste produced in our facility. Whatever food left over we generate is donated to entities for recycling for other opportunities.

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 it 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, for diversity lies our strength. In our staff bouquet, the ratio of females to males is 60:40.
In hiring staff, our policy of no discrimination prevails. Competence, fitness for purpose and qualification is the bedrock of selection.

Service providers and suppliers
In accordance with the purchasing component of the Charter of Business, Finance and Purchasing Committee of the Board, 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.

3.4.27 Auditor

Ernst and Young (EY) has served as the independent auditors for a period of six (6) years. By mutual understanding arising from the new majority investee coming on board, EY has voluntarily stepped aside to make way for Grant Thornton that on formal appointment shall serve as the independent auditor to the Company in accordance with section 401(2) of the Companies and Allied Matters Act 2020. The Directors shall seek approval from members at the annual general meeting to fix their remuneration.

Thank you.

Alex Ugwuanyi, Esq
FRC/2017/NBA/000000016473
For: Ifebunadu & Co
Company Secretary

3.5 Report of the Statutory Audit Committee

Report of the audit committee to members of Capital Hotels Plc For the year ended December 31, 2022

In compliance with Section 404(7) of the Companies and Allied Matters Act 2020, we have reviewed the Financial Statements of Capital Hotels Plc for the year ended 31 st December, 2022 and hereby state that:

1. The scope and planning of audit were adequate in our opinion;
2. The accounting and reporting policies of the Company conformed with the statutory requirements and agreed with 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 Auditor's Report and remuneration of the external auditors of the Company as required under S.404(7)(e) of CAMA 2020.

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

Dated March 28, 2023

Chief C F Nwokocha
Chairman, Audit Committee
FRC/2019/NBA/00000019465

MEMBERS OF THE COMMITTEE

Shareholders' Representative			**Directors' Representative**		
Chief C F Nwokocha	-	Chairman	**Non-Executive Director**		
Mr. Patrick Ajudua	-	Member	Mr. J C Anosike	-	Member
Mr. Olugbosun Banji	-	Member	Alhaji Abatcha Bulama	-	Member

CAPITAL HOTELS PLC
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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www.ey.com

Building a better working world

Ernst & Young
10th & 13th floor
UBA House
57, Marina
P.O. Box 2442, Marina
Lagos.

Independent Auditor's Report

To the Members of Capital Hotels Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capital Hotels Plc ('the Company'), which comprise the statement of financial position as of 31 December 2022, and the statement of profit or loss and other comprehensive income, 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 give a true and fair view of the financial position of Capital Hotels Plc as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit matter

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the 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.

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Independent Auditor's Report
To the Members of Capital Hotels Plc

Report on the Audit of the Financial Statements-Continued

Key Audit Matter	How the matter was addressed in the audit
Impairment assessment of receivables	
IFRS 9- financial instrument which covers financial assets requires that financial assets are assessed for impairment using the Expected Credit Loss (ECL) model that will lead to timely recognition of expected losses. The company is required to regularly assess the recoverability of its trade receivables. This involves judgement as the expected credit losses must reflect information about past events, current conditions, and forecasts of future conditions as well as the time value of money. An "expected loss" focuses on the risk that a debtor will default in payment rather than whether a loss has been incurred. As of 31 December 2022, the company had a receivable of N 881 million (2021; N1.082billion) which represents 7% (2021; 46%) of the Company company's Current assets. The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgement applied by management in determining the impairment provision. At every reporting date, the historical observed default rates are updated and changes in the forward -looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and Expected Credit Losses (ECL) is a significant estimate. An impairment allowance of N249 million was recognized on the Company's trade receivable as at 31 December 2022 (2021; N121 million), Note 28.4.	We reviewed IFRS 9 models prepared by the management for computation of impairment on receivables. We reviewed the aging of trade receivables based on the number of days; debts became past due. We tested the historical accuracy of the model by assessing historical projections versus actual losses We analyzed historical credit losses with a view to identifying the portion of receivables that remained unpaid during the year to enable us to determine the default rate. We engaged our internal specialist to reperform an independent calculation of the impairment provision. We reviewed other areas of complexities which include macro -economic indicators such as inflation rates, exchange rates, unemployment rate, Gross Domestic Products (GDP)etc.

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Independent Auditor's Report
***To the Members of* Capital Hotels Plc**
Report on the Audit of the Financial Statements-Continued

Other Information - Continued

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Capital Hotels Plc Annual Financial Statements for the year ended 31 December 2022", which includes the Directors and Other Corporate Information, Financial Highlights, Directors' Report, Statement of Corporate Responsibility for the Preparation of the Financial Statements, Statement of Directors' Responsibilities for the Financial Statements, Audit Committee Report and Other National Disclosures (Value Added Statement and Five-Year Financial Summary). The 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

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Independent Auditor's Report
To the Members of Capital Hotels Plc

Report on the Audit of the Financial Statements-Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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

- 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.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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Independent Auditor's Report
To the Members of Capital Hotels Plc

Report on the Audit of the Financial Statements-Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- 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.
- In our opinion, proper books of account have been kept by the Company in so far as appears from our examination of those books.
- The Company's statement of financial position and statement of profit or loss and other comprehensive incomes agree with the books of account.

Omolola Alebiosu
FRC/2012/ICAN/00000000145

For Ernst & Young

Lagos, Nigeria
31 March 2023

CAPITAL HOTELS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 ₦'000	2021 ₦'000
Revenue	4	5,332,322	3,827,964
Cost of sales	7	(5,833,681)	(3,272,035)
Gross (loss)/ profit		**(501,359)**	**555,929**
Other operating income	8	106,804	164,976
Administrative expenses	9	(426,168)	(713,281)
Expected credit losses on receivables	28.4	(126,441)	(30,775)
Operating Loss		**(947,164)**	**(23,151)**
Finance income	10	138,883	20,531
Loss before tax	11	**(808,281)**	**(2,620)**
Income tax credit/ (expense)	12	648,377	(317,841)
Loss for the year		**(159,904)**	**(320,461)**
Other comprehensive income:			-
Other comprehensive income for the year; net of tax		-	-
Total comprehensive loss for the year; net of tax		**(159,904)**	**(320,461)**
Earnings per share			
Basic loss for the year attributable to ordinary equity holders	13	(0.07)	(0.21)
Diluted loss for the year attributable to ordinary equity holders	13	(0.07)	(0.21)

The notes on pages 53 to 93 are integral part of this financial statements.

CAPITAL HOTELS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022	2021
Assets		₦'000	₦'000
Non-current assets			
Property, plant and equipment	14	16,323,273	15,670,676
Intangible assets	15	89,370	17,543
Total non-current assets		16,412,643	15,688,219
Current assets			
Inventories	16	59,545	55,593
Trade and other receivables	17	552,423	624,164
Due from related party	17.2	359,390	495,026
Prepayments	18	105,231	161,578
Cash and cash equivalent	19	12,014,338	1,004,149
Total current assets		13,090,927	2,340,510
Total assets		29,503,570	18,028,729
Equity			
Issued capital	20	1,580,388	774,390
Share premium	20.1	10,076,720	-
Retained earnings		5,167,271	5,327,175
Revaluation Surplus		8,161,567	8,161,567
Total equity		24,985,946	14,263,132
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12	303,447	978,539
Total non-current liabilities		303,447	978,539
Current liabilities			
Due to related parties	21	954,553	-
Trade and other payables	22	2,251,836	1,966,540
Contract Liability	23	220,979	188,296
Deferred income	24	233,358	36,698
Income tax payable	12	553,451	595,524
Total current liabilities		4,214,177	2,787,058
Total liabilities		4,517,624	3,765,597
Total equity and liabilities		29,503,570	18,028,729

The notes on pages 53 to 93 are integral part of this financial statements.

The financial statements was approved and authorised for issue by the Board of Directors on 30 March, 2023 and was signed on its behalf by:

Mr. Ravi Bachu	Alhaji Aminu Abdulkadir	Mr. Robert Itawa
Managing Director/CEO	Director	Director/CFO
FRC/2023/PRO/DIR/071/893689	FRC/2023/PRO/DIR/071/460507	FRC/2013/ICAN/00000000887

CAPITAL HOTELS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued capital (Note 20) ₦'000	Share premium ₦'000	Retained earnings ₦'000	Revaluation reserve ₦'000	Total equity ₦'000
At 1 January 2021	774,390	-	5,647,636	8,161,567	14,583,593
Loss for the year	-	-	(320,461)	-	(320,461)
Total comprehensive income, net of tax	-	-	(320,461)	-	(320,461)
As at 31 December 2021	**774,390**	**-**	**5,327,175**	**8,161,567**	**14,263,132**
As at 1 January 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 year	-	-	(159,904)	-	(159,904)
Total comprehensive income, net of tax	-	-	(159,904)	-	(159,904)
As at 31 December 2022	**1,580,388**	**10,076,720**	**5,167,271**	**8,161,567**	**24,985,946**

The notes on pages 53 to 93 are integral part of this financial statements.

CAPITAL HOTELS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 ₦'000	2021 ₦'000
Operating activities			
Cash receipt from customers		6,508,909	4,058,146
Cash paid to suppliers and employees		(5,720,503)	(4,300,674)
Income tax paid	12	(35,945)	(60,000)
Net cash flows used in operating activities	25	**752,461**	**(302,528)**
Investing activities			
Interest received	10	138,883	20,531
Receipt of principal portion of loan receivable	17.2	129,091	11,070
Purchase of property, plant and equipment	14	(905,610)	(438,083)
Purchase of intangible assets	15	(94,158)	-
Proceed from sales of scraps	8	8,745	60,543
Proceed from disposal of Property, plant and equipment	8	2,000	35,000
Net cash flows used in investing activities		(721,049)	(310,939)
Financing activities			
Proceeds from issue of shares - share capital	20	805,998	-
Proceeds from issue of shares - share premium	20	10,076,720	-
Net cash flows from financing activities		10,882,718	-
Net increase/ (decrease) in cash and cash equivalent		10,914,130	(613,467)
Net foreign exchange difference		96,059	52,370
Cash and cash equivalents at 1 January		1,004,149	1,565,246
Cash and cash equivalent at 31 December	**19**	**12,014,338**	**1,004,149**

The notes on pages 53 to 93 are integral part of this financial statements.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. 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 31 May 1986. Its hotel, Abuja Continental Hotel (formerly known as Sheraton Abuja Hotel) commenced business in January 1990. Its Parent Company is 22 Hospitality Limited. 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 7 June 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 boast of the best ambience in the market.

2. Significant accounting policies

2.1 Basis of preparation

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 (As amended).

The financial statements have been prepared on a historical cost basis except for Land which is carried at fair value. 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.

2.2 Summary of significant accounting policies

a) 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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

b) 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

c) Revenue from contracts with customers

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

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

The company has applied IFRS 15 practical expedient 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 3.

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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

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 customising, 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).

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 centre, 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).

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

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.

d) 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

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

d) Taxes - Continued

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

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

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

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

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

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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

e) Foreign currencies

The company's financial statements are presented in Naira, which is also the parent company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

- 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.

f) 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.

g) Property, plant and equipment

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

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

Land is measured at fair value less impairment losses if any, recognised after the date of revaluation. Valuations are performed with sufficiency and frequently (3-5 years) 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.

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

Freehold Land	Not depreciated
Building	40 years
Plant & Machinery	6 2/3 years
Furniture, fittings and equipment	6 2/3 years
Motor Vehicle	4 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.

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.

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)

h) 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 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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

j) Intangible assets

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

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

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

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

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

k) 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. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (d) Revenue from contracts with customers.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

i) Financial assets - Continued

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)

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

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.

Cash and cash equivalents

Cash and short term deposit include notes and coins in hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and short- term deposits are carried at amortised cost in the statement of financial position.

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).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (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

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies - continued

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 3
- Trade receivables — Note 17
- Intercompany Receivable — Note 17

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.

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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.2 Summary of significant accounting policies

ii) 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.

l) 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.

m) Impairment of non-financial assets

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

- Disclosures for significant assumptions — Note 3
- Property, plant and equipment — Note 14
- Intangible assets — Note 15

2.2 Summary of significant accounting policies - continued

m) Impairment of non-financial assets - Continued

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.

n) Statement of cash flow presentation

IAS 7 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

o) Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which an entity pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior period.

For defined contribution plans, the Company pays contribution to publicly or privately administered pension fund administration (PFA) on a mandatory basis in line with Pension Reform Act 2014 as amended. The company has no further payment obligation once the contributions have been paid. The contributions are recognized as employee benefit expenses in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company operates a defined contribution scheme in line with the Pension Reform Act 2014 as amended. The employees and the Company each contributed 8% and 10% respectively of basic salary, housing and transport allowances. The company's contributions are accrued and charged to the profit or loss as and when the relevant service is provided by employees. The company has no further payment obligations once the contributions have been paid.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022.The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Taxation in fair value measurements - IAS 41 Agriculture:

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

These amendments had no impact on the financial statements of the Company.

Reference to the Conceptual Framework -Amendments to IFRS 3:

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments have no material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16:

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

New and amended standards and interpretations - Continued

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37:

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Companies are expected to apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. These amendments have no impact on the financial statements of the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter:

Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Company.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities:

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments have no material impact on the Company.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.4 Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

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

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the effective date.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The company is currently assessing the impact the amendments will have on current practice.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.4 Standards issued but not yet effective - Continued

Definition of Accounting Estimates - Amendments to IAS 8:

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2:

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The IASB proposed amendments to IAS 12 that would require an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.

The Board expects that applying the proposed amendments would increase comparability between entities and would result in useful information for users of financial statements. This is because it would align the accounting for the tax effects of particular transactions with the general principle in IAS 12 of recognising deferred tax for all temporary differences.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2.4 Standards issued but not yet effective - Continued

Lease liability in a Sale and Leaseback – Amendments to IFRS 16:

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 January 2024 and applies to seller-lessee. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. Earlier application is permitted, and that fact must be disclosed. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's financial statements.

3. Significant accounting judgements, estimates and assumptions

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

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

• Capital management	Note 6
• Financial instruments risk management and policies	Note 28
• Sensitivity analyses disclosures	Note 28

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. Significant accounting judgements, estimates and assumptions - continued

Judgements

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

Revenue from contracts with customers

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

Determining the timing of satisfaction

The Company concluded that revenue from rooms and other services will be recognised over time because, as the Company performs, the customer simultaneously receives and consumes the benefits provided by the Hotel's performance.

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

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

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

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

The Company has assessed that revenue earned from service charge will be recognised at a point in time when good or service has been satisfied.

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

Estimates and assumptions

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

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. Significant accounting judgements, estimates and assumptions - continued

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables while general approach is used for related party receivables.
The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the hospitality sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 28.4.

Taxes

Given uncertainties exist with respect to the interpretations of complex tax regulations coupled with the amount and timing of future taxable income as well as the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The company establishes provisions, based on reasonable estimates, for possible tax implications that may result in tax liabilities.

Revaluation of property, plant and equipment

The company carries its land at revalued amounts, with changes in fair value being recognised in OCI. The land were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2020 for the land. Fair value disclosures for the revalued land are provided in Note 28.3

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

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

	2022	2021
	₦'000	₦'000
Rooms	2,580,967	1,856,450
Food and beverages	2,208,232	1,564,321
Other services	483,134	277,919
Total revenue from contracts with customers	**5,272,333**	**3,698,690**
Other revenue		
Rental income	59,989	129,274
Total revenue	**5,332,322**	**3,827,964**
Timing of revenue recognition		
Goods transferred at a point in time	2,208,232	1,564,321
Services transferred over time	3,064,101	2,134,369
Total revenue from contracts with customers	**5,272,333**	**3,698,690**

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.

	2022	2021
Revenue	**₦'000**	**₦'000**
External customer	5,272,333	3,698,690
Total revenue from contracts with customers	**5,272,333**	**3,698,690**

4.1 Contract balances

	2022	2021
	₦'000	₦'000
Trade receivables (Note 17)	504,199	575,856

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. As disclosed in Note 17 and Note 28.4, in 2022, N230.72 million (2021: N110.83 million) was recognised as provision for expected credit losses on trade and related party receivables.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. Segment information

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 organised into business units 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. Also, the Company's financing (including finance cost, finance income and other income) and income taxes are managed on a group basis and are not allocated to operating segment.

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, summarised as follows:

Rooms
Food and Beverages
Other services

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. Segment information

	2022				2021			
	Revenue	Cost of sales	Gross profit	Gross profit margin	Revenue	Cost of sales	Gross profit	Gross profit margin
	₦'000	₦'000	₦'000		₦'000	₦'000	₦'000	₦'000
Rooms	2,580,967	391,829	2,189,138	85%	1,856,450	247,342	1,609,108	87%
Food and Beverages	2,208,232	914,057	1,294,175	59%	1,564,321	488,549	1,075,772	69%
Other services	543,123	239,653	303,470	56%	407,193	35,428	371,765	91%
Others*	-	4,288,142	(4,288,142)	-	-	2,529,914	(2,529,914)	-
	5,332,322	5,833,681	(501,359)	150%	3,827,964	3,301,233	526,731	247%

* Others represents centralised expenses relating to power generation, repairs and maintenance which cannot be apportioned to any single segment.

6. Capital management

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

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, less cash and short-term deposit.

	2022	2021
	₦'000	₦'000
Trade and other payables	2,251,836	1,966,540
Cash and short term deposit (Note 19)	(12,014,338)	(1,004,149)
Net debt	**(9,762,502)**	**962,391**
Total capital: Equity	24,985,946	14,263,132
Capital and net debt	**15,223,444**	**15,225,523**
Gearing ratio	**0%**	**7%**

The company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

	Note	2022 ₦'000	2021 ₦'000
7. Cost of sales			
Rooms		391,829	247,342
Food and beverages cost		914,057	488,549
Other operating costs		3,349,827	1,631,425
Staff costs (Note 7.1)		1,177,968	904,719
Total cost of sales		**5,833,681**	**3,272,035**

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

	2022 ₦'000	2021 ₦'000
7.1 Included in cost of sales:		
Wages and salaries	1,152,598	875,157
Pension costs	25,370	29,562
	1,177,968	904,719
Included in cost of administrative expenses:		
Wages and salaries	32,554	27,969
Pension costs	1,095	1,314
	33,649	29,283
Total employee benefits expense	**1,211,617**	**934,002**

	Note	2022 ₦'000	2021 ₦'000
8. Other operating income			
Net foreign exchange gain		96,059	69,433
Sale of scraps		8,745	60,543
Gain on disposal of property, plant and equipment		2,000	35,000
Total other operating income		**106,804**	**164,976**
9. Administrative expenses			
Staff cost	7.1	33,649	29,283
Depreciation of property plant and equipment	14	253,013	282,805
Amortisation of intangible assets	15	22,331	69,343
Auditors remuneration		11,500	10,000
Directors' remuneration	26	1,392	1,670
Directors' expenses	26	25,408	24,137
Bank charges		1,890	195
Office expenses		27,088	20,253
Fines and penalties		-	3,870
Transport and Traveling		989	1,301
Insurance		31,766	13,224
Professional fees		7,633	4,522
Value added tax and withholding tax expense*		-	239,243
Secretarial and meetings		9,509	13,435
Total administrative expenses		**426,168**	**713,281**

*This relate to additional Value added tax (VAT) and withholding tax liability (WHT) arising from tax audit.

The Company's Auditor did not perform any non-audit services during the year ended 31 December 2022 (2021: Nil)

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

	2022 ₦'000	2021 ₦'000
10. Finance income		
Interest income calculated using effective interest method		
Interest on intercompany loans	18,409	20,531
Interest on short-term fixed deposit	120,474	-
	138,883	**20,531**

11. Loss before taxation

Loss before taxation is stated after charging:	2022 ₦'000	2021 ₦'000
Amortisation of intangible assets (Note 15)	22,331	69,343
Depreciation of property, plant and equipment (Note 14)	253,013	282,805
Auditors remuneration (Note 9)	11,500	10,000
Exchange gain (Note 8)	(96,059)	(69,433)

12. Income tax

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

Statement of profit or loss	2022 ₦'000	2021 ₦'000
Current income tax:		
Minimum tax	26,715	-
Income tax charge	-	80,351
Education tax charged	-	12,054
Adjustment for prior year under provision**	-	342,166
	26,715	434,571
Deferred tax:		
Relating to reversal and origination of temporary differences	(675,092)	(116,730)
Income tax (credit)/ expense reported in the statement of profit or loss	**(648,377)**	**317,841**

Reconciliation of tax expense and the accounting profit multiplied by Nigeria's domestic tax rate of 30% for 2022 and 2021:

	2022 ₦'000	2021 ₦'000
Accounting Loss before income tax	(808,281)	(2,620)
At Nigeria's statutory income tax rate of 30% (2021: 30%)	(242,484)	(786)
Education tax	-	12,054
Impact of non-taxable income	(24,766)	(47,042)
Other non-deductible expenses	122,664	99,382
Capital allowance utilised	(675,092)	(87,933)
Under provision**	-	342,166
Unutilised loss carry forward	144,586	-
Minimum tax	26,715	-
Income tax (credit)/ expense reported in the statement of profit or loss	**(648,377)**	**317,841**
Effective income tax rate	**80%**	**-12131%**

**This relates to additional income tax liability arising from tax audit

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

12. Income tax - continued

Deferred tax

Deferred tax relates to the following:

	Statement of financial position	
	2022	**2021**
	₦'000	**₦'000**
Accelerated depreciation for tax purposes	308,152	73,139
Expected credit losses of debt financial assets	(7,181)	(3,673)
Unrealised exchange gain	2,476	2,232
Revaluation surplus	-	906,841
Net deferred tax liability	**303,447**	**978,539**
Deferred tax reflected in the statement of financial position as follows:		
Deferred tax assets	(7,181)	(3,673)
Deferred tax liabilities	310,628	982,210
Deferred tax liability, net	**303,447**	**978,539**

	Statement of profit or loss	
	2022	**2021**
	₦'000	**₦'000**
Accelerated depreciation for tax purposes	235,013	(198,947)
Expected credit losses of debt financial assets	(3,508)	(3,673)
Unrelieved capital allowance	-	73,769
Unrealised exchange gain	244	(122,772)
Unrelieved losses	-	134,893
Revaluation surplus	(906,841)	-
Deferred tax benefit	**(675,092)**	**(116,730)**

Reconciliation of deferred tax liability, net		
At 1 January	978,539	1,095,269
Charged to profit or loss	(675,092)	(116,730)
At 31 December	**303,447**	**978,539**
Reconciliation of income tax payable		
At 1 January	595,524	226,945
Income tax expense for the year	26,715	92,405
Under provision	-	342,166
Withholding tax credit note set-off	(32,843)	(5,992)
Payment during the year	(35,945)	(60,000)
At 31 December	**553,451**	**595,524**

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

13. Loss per share (LPS)

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 share data used in the basic and diluted LPS calculations:

	2022	2021
	₦'000	**₦'000**
Loss attributable to ordinary equity holders for basic earnings	(159,904)	(320,461)
	Thousands	**Thousands**
Average number of ordinary shares for basic LPS	2,220,445	1,548,780
Basic Loss per share (Kobo)	(0.07)	(0.21)
Diluted Loss per share (Kobo)	(0.07)	(0.21)

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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

14. Property, plant and equipment

	Freehold Land	Building	Plant & Machinery	Furniture, Fittings and equipment	Motor Vehicle	Capital work in progress*	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost							
1 January 2021	9,424,800	979,781	2,340,769	3,819,842	224,284	4,778,932	21,568,408
Additions	-	41,333	-	78,937	-	317,813	438,083
Disposal	-	-	(219,152)	-	-	-	(219,152)
31 December 2021	**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
Disposal	-	-	-	-	(3,650)	-	(3,650)
31 December 2022	**9,424,800**	**1,059,777**	**2,519,607**	**4,068,160**	**226,334**	**5,390,621**	**22,689,299**
Accumulated depreciation and impairment losses							
1 January 2021	-	359,158	2,110,720	3,361,896	221,236	-	6,053,010
Depreciation for the year	-	32,545	85,180	164,267	813	-	282,805
Disposal	-	-	(219,152)	-	-	-	(219,152)
31 December 2021	**-**	**391,703**	**1,976,748**	**3,526,163**	**222,049**	**-**	**6,116,663**
Depreciation for the year	-	32,789	83,406	135,299	1,519	-	253,013
Disposal	-	-	-	-	(3,650)	-	(3,650)
31 December 2022	**-**	**424,492**	**2,060,154**	**3,661,462**	**219,918**	**-**	**6,366,026**
Net book value							
At 31 December 2022	**9,424,800**	**635,285**	**459,453**	**406,698**	**6,416**	**5,390,621**	**16,323,273**
At 31 December 2021	**9,424,800**	**629,411**	**144,869**	**372,616**	**2,235**	**5,096,745**	**15,670,676**

***Capital work in progress consists of Cabana suites under construction and Hotel building renovation.**

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 N356,392,000
The company has no contractual commitment at year end (2021 Nil)

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

15. Intangible assets

	2022	2021
Computer software with definite useful life	**N'000**	**N'000**
Cost:		
At 1 January	262,195	262,195
Additions	94,158	-
Write-off	(262,195)	-
At 31 December	**94,158**	**262,195**
Amortisation and impairment:		
At 1 January	244,652	175,309
Amortisation	22,331	69,343
Write-off	(262,195)	-
At 31 December	**4,788**	**244,652**
Carrying value	**89,370**	**17,543**

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 31 December 2022 (2021: Nil).

16. Inventories	**2022**	**2021**
	N'000	**₦'000**
Food and beverages	55,286	55,593
Engineering spares	4,259	-
	59,545	**55,593**

In 2022, inventories consumed included in cost of sales amounted to N651,775,281 (2021: N476,565,191)

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

17. Trade and other receivables	**2022**	**2021**
	N'000	**₦'000**
Receivables from third-party customers	504,199	575,856
Allowance for expected credit losses (Note 28.4)	(230,724)	(110,827)
	273,475	465,029
Other receivables (Note 17.1)	278,948	159,135
	552,423	**624,164**

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

17.1 Other receivables	**2022**	**2021**
	N'000	**₦'000**
Advances to staff	15,341	14,947
Deposits	4,095	2,638
Withholding tax receivables	163,414	84,336
Withholding tax credit note	96,098	57,214
	278,948	**159,135**

All trade and other receivables are due and receivable within one year from the end of the reporting period.
Due to the short-term nature of the current receivables, their carrying amount approximates the fair value.

17.2 Due to related party	**2022**	**2021**
	N'000	**₦'000**
At 1 January	506,647	517,717
Addition during the year	-	-
Payment during the year	(129,091)	(11,070)
	377,556	**506,647**
Allowance for expected credit losses (Note 28.4)	(18,166)	(11,621)
At 31 December	**359,390**	**495,026**

For terms and conditions relating to related party receivables, refer to Note 26.
Due to the short-term nature of the related party receivable, the carrying amount approximates the fair value.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

Trade receivables

As at 31 December 2022, the Company has trade receivables of N504,199,000 (2021: N575,856,000) which is net of an allowance for credit losses of N230,723,741 (2021: N110,827,274).

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

	2022	2021
	N'000	₦'000
At 1 January	122,449	91,674
Provision for expected credit loss allowance	126,441	30,775
At 31 December	**248,890**	**122,449**

The significant changes in the balances of trade and other receivables and the information about the credit exposures are disclosed in Note 28.4A.

18. Prepayments

	2022	2021
	N'000	₦'000
Maintenance contracts	1,786	6,232
Prepaid supplies	103,445	154,746
Subscription	-	600
	105,231	**161,578**

19. Cash and cash equivalent

	2022	2021
	N'000	₦'000
Cash on hand	363	613
Cash at banks	12,013,975	799,865
Short term deposit	-	203,671
	12,014,338	**1,004,149**

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

Short-term deposits earns interest at floating rates based on daily bank deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalent is same as cash and short term deposit as at 31 December as shown above

	2022	2021
	₦'000	₦'000
Cash and short-term deposit	12,014,338	1,004,149

20. Issued capital and reserves

Authorised shares:		
At 1 January 1,600,000,000 ordinary shares of 50k each	800,000	800,000
Addition during the year (1,560,775,510 ordinary shares of 50k each)	780,388	-
At 31 December 2022: 3,160,775,510 (2021: 1,600,000,000) ordinary shares of 50k each	1,580,388	800,000
Ordinary shares issued and fully paid		
At 1 January 1,548,780,000 ordinary shares of 50k each	774,390	774,390
Addition during the year (1,611,995,510 ordinary shares of 50k each)	805,998	-
At 31 December 2022: 3,160,775,510 (2021: 1,548,780,000) ordinary shares of N0.50k each	1,580,388	774,390

20.1 Share premium

At 1 January	-	-
Addition during the year	10,076,720	-
At 31 December	10,076,720	-

The current year share premium amount represents premium of N6.50 on 1,611,995,510 ordinary shares issued on the 15 August 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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

20.2 Dividend

The directors did not declare any dividend in 2022 (2021: Nil).

21. Due to related parties	2022 ₦'000	2021 ₦'000
Due to related parties (Note 26)	954,553	-
	954,553	-

• For terms and conditions with related parties, refer to Note 26

For explanations on the Company's liquidity risk management processes, refer to Note 28.4.

22. Trade and other payables	2022 ₦'000	2021 ₦'000
Trade payables	482,399	209,817
Other payables (Note 22.1)	1,568,318	1,234,372
Accrued liabilities	201,119	522,351
	2,251,836	**1,966,540**

Accrued liabilities represents accruals for Directors fee, sitting allowances due to retired Directors, secretarial fees, accruals, bonus accrual and general accruals

Terms and conditions of the above financial liabilities:

• Trade payables are non-interest bearing and are normally settled on 60-day terms

• Other payables are non-interest bearing and have an average term of six months

For explanations on the Company's liquidity risk management processes, refer to Note 28.4.

22.1 Other payables	2022 ₦'000	2021 ₦'000
Entertainment tax payable	104,825	107,026
Service charge payable	78,800	30,243
Pension	-	591
Miscellaneous	64,117	46,783
CHP/ SAH Current account	1,026,033	367,305
Dividend payable	50,067	89,268
Pay As You Earn (PAYE)	5,666	3,820
Value Added Tax (VAT) payable	238,810	547,478
Withholding tax payable	-	41,858
	1,568,318	**1,234,372**

Miscellaneous payables relates Hotel Union dues and other operational payables.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

23. Contract liability	2022 ₦'000	2021 ₦'000
Deposit from guests	220,979	188,296

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. Revenue recognised in 2022 amounts N188.3 million (2021: N87.9 million).

24. Deferred income	2022 ₦'000	2021 ₦'000
At 1 January	36,698	34,186
Received in the year	256,649	131,786
Charged in the year	(59,989)	(129,274)
At 31 December	233,358	36,698

Deferred income relates to rent received in advance but not yet earned.

25. Cash generated from operations	2022 ₦'000	2021 ₦'000
Loss before tax	(808,281)	(2,620)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation of property, plant and equipment	253,013	282,805
Amortisation of intangible assets	22,331	69,343
Net foreign exchange differences	(96,059)	(69,433)
Gain on scrap sales	(8,745)	(60,543)
Gain on disposal of property, plant and equipment	(2,000)	(35,000)
Finance income	(138,883)	(20,531)
Working capital adjustments:		
Increase in inventories	(3,952)	(23,694)
Decrease/ (increase) in trade and other receivables	45,443	(238,924)
Decrease/ (increase) in prepayments	56,347	(133,867)
Increase in trade and other payables	1,239,849	286,990
Increase in deferred income	196,660	2,512
Movement in contract liability	32,683	(1,523)
	788,406	55,515
Employee benefit paid	-	(298,043)
Income tax paid	(35,945)	(60,000)
	752,461	**(302,528)**

26. Related party disclosures

The immediate parent Company is 22 Hospitality Limited while the ultimate parent Company is 11 Plc. There are other Companies that are related to Capital Hotels Plc through common shareholdings and directorship and such relationships are listed below;

Related Company	Relationship	Industry
11 PLC	Ultimate parent	Conglomerate
22 Hospitality Limited	Parent	Hospitality
Ikeja Hotels Plc	Sister company	Hospitality
CHP Hospitality and Tourism Limited	Sister company	Hospitality

The following table provides the total amount of transactions that have been entered into with related parties during the year;

31 December 2022	Loan to related parties ₦'000	Purchases from related parties ₦'000	Amounts owed by related parties (Loan) ₦'000	Amounts owed to related parties ₦'000
Entity with significant influence over the Company:				
11 PLC	-	-	-	254,553
22 Hospitality Limited	-	-	-	700,000
Ikeja Hotels Plc	-	-	359,390	-
CHP Hospitality and Tourism Limited	-	-	-	-
	-	**-**	**359,390**	**954,553**

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

26. Related party disclosures - continued

31 December 2021	Loan to related parties ₦'000	Purchases from related parties ₦'000	Amounts owed by related parties (Loan) ₦'000	Amounts owed to related parties ₦'000
Entity with significant influence over the Company:				
Ikeja Hotels Plc	-	-	495,026	-
CHP Hospitality and Tourism Limited	-	-	-	-
	-	**-**	**495,026**	**-**

Terms and conditions of transactions with related parties

Due from related party:

The Company provided a loan facility of N1billion to Ikeja Hotels Plc on 4 November 2010 and the terms of the loan renegotiated on 30 Apri 2018. The term of the loan was agreed to be payment on demand. The loan pays interest at 4% per annum. For the year ended 31 December 2022, the Company recognised an expected credit losses (ECL) expense of N6,545,329 relating to provision for related parties receivables (2021: N1,577,254).

Due to related parties:

Due to related parties are non-interest bearing and are normally settled on 60-day terms.
11 PLC and 22 Hospitality Limited is an affiliate of Capital Hotels Plc. 11 PLC and 22 Hospitality Limited advances funds to the Company on a short-term basis.

Compensation of key management personnel

	2022 ₦'000	2021 ₦'000
Emoluments of directors		
Salaries and other short-term employee benefits	1,392	1,670
Defined contributions	1,095	1,314
Fees and allowances	25,408	24,137
Total compensation paid to key management personnel	27,895	27,121
Amount paid to the highest paid director (excluding pension contributions)	10,000	10,000
Chairman's emoluments		
Fees	270	270

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

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

	2022 Number	2021 Number
Above N10,000,000	1	1

27. Commitments and contingencies

Commitments

The directors are of the opinion that all known liabilities and 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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28. Financial assets and financial liabilities

28.1 Financial assets

Debt instruments at amortised cost	**2022 ₦'000**	**2021 ₦'000**
Bank and short term deposits	12,014,338	1,004,149
Trade and other receivables (Note 17)	292,911	482,614
	12,307,249	1,486,763

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

28.2 Financial liabilities

Financial liabilities at amortised cost	**2022 ₦'000**	**2021 ₦'000**
Trade and other payables (Note 22)	1,902,535	1,265,767

28.3 Fair values

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

Fair value measurement hierarchy for assets as at 31 December 2022:

	Date of valuation	**Quoted prices in active markets (Level 1)**	**Prices other than quoted price in active markets (Level 2)**	**Significant unobservable inputs (Level 3)**
		₦'000	**₦'000**	**₦'000**
Asset measured at fair value				
Property, plant and equipment:				
Land	31-Dec-20	-	-	9,424,800
Total				9,424,800

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 comparable adjusted to the characteristics of the subject property. As at the dates of revaluation on 31 December 2020, the land's fair value are based on valuations performed by Knight Frank Chartered Surveyors & Co. (FRC/2013/0000000000584), (signed by: Oyeleke Oyegoke Akanbi FRC/2013/NIESV/00000001085) an accredited independent valuer who has valuation experience for similar properties. No valuation was performed in 2022 because the valuation as at 2020 continues to be relevant. No net gain from the revaluation of the land was recognised in OCI .

Significant unobservable valuation input:	**Range**		
	2022	**2021**	**2020**
Price per square metre	-	-	N83,333 - N115,385

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

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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28.4 Financial instruments risk management objectives and policies

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

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
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.

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

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28.4 Financial instruments risk management objectives and policies - Continued

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:

	2022 '000	2021 '000
Cash and short term deposits		
Cash balances in Banks		
United State Dollar (USD)	828,534	570,658
Great Britain Pounds (GBP)	21,477	23,675
EURO	37,885	36,726
Total	887,896	631,059

Foreign Currency sensitivity

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

31 December 2022		31 December 2021	
Change in USD rate	Effect on profit before tax **₦'000**	Change in USD rate	Effect on profit before tax **₦'000**
10%	82,853	5%	4,785
-10%	(82,853)	-5%	(4,785)
Change in GBP rate	Effect on profit before tax **₦'000**	Change in GBP rate	Effect on profit before tax **₦'000**
10%	2,148	5%	1,110
-10%	(2,148)	-5%	(1,110)
Change in EURO rate	Effect on profit before tax **₦'000**	Change in EURO rate	Effect on profit before tax **₦'000**
10%	3,789	5%	11,596
-10%	(3,789)	-5%	(11,596)

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.

(i) Risk management

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.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28.4 Financial instruments risk management objectives and policies - Continued

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.

(ii) Security

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

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. Credit ratings from Global Credit Rating Co. (GCR) are highlighted below:

	2022	2021
	₦'000	₦'000
Cash at bank and short-term bank deposits A+(nga)	12,013,975	1,003,536
Unrated cash and cash equivalents	363	613
Unrated trade and other receivables	292,911	482,614
Maximum credit exposure	**12,307,249**	**1,486,763**

(iii) Impairment of trade and related party receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. 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.

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 no to be in default when internal or external information indicates that the Company is likely to receive the outstanding contractual amounts in full. The provision matrix is initially based on the Company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year that can lead to an increased number of defaults in the hospitality sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28.4 Financial instruments risk management objectives and policies - continued

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

	Days past due						
	0-30 days	31–60 days	61–90 days	91 -180 days	181-360 days	>360 days	Total
31-Dec-22	₦'000	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	33.10%	34.37%	36.32%	39.25%	52.46%	0.00%	
Estimated total gross carrying amount at default	45,003	72,247	51,685	27,691	307,573	-	504,199
Expected credit loss	14,897	24,829	18,772	10,868	161,358	-	230,724

	0-30 days	31–60 days	61–90 days	91 -180 days	181-360 days	>360 days	Total
31-Dec-21	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	2.77%	3.74%	4.57%	6.48%	14.47%	83.98%	
Estimated total gross carrying amount at default	230,178	50,792	35,614	56,548	104,993	97,731	575,856
Expected credit loss	6,366	1,902	1,628	3,667	15,191	82,073	110,827

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

	ECL on trade receivables		ECL on related party		Total expected credit losses	
	2022	2021	2022	2021	2022	2021
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January	110,828	81,630	11,621	10,044	122,449	91,674
Charge for the year	119,896	29,198	6,545	1,577	126,441	30,775
As at 31 December	**230,724**	**110,828**	**18,166**	**11,621**	**248,890**	**122,449**

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28.4 Financial instruments risk management objectives and policies - continued

Expected credit loss measurement - other financial assets

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

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

The 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.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2021 and 31 December 2022.

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28.4 Financial instruments risk management objectives and policies - continued

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

31 December, 2022

Key drivers	Assigned Probabilities	ECL Scenario	2021	2022	2023	2024	Subsequent years
GDP Growth	10%	Upturn	0.26	0.26	0.36	0.33	0.30
	80%	Base	0.34	0.34	0.11	0.80	0.60
	10%	Downturn	0.36	0.36	0.01	0.01	0.01
Oil Price %	10%	Upturn	57.07	57.07	68.00	63.00	70.00
	80%	Base	54.96	54.96	56.00	53.00	50.00
	10%	Downturn	52.64	52.64	32.00	28.00	27.00
Inflation rate %	10%	Upturn	0.11	0.11	18.00	12.00	10.00
	80%	Base	0.12	0.12	35.00	33.00	28.00
	10%	Downturn	0.12	0.12	42.00	39.00	37.00

31 December, 2021

Key drivers	Assigned Probabilities	ECL Scenario	2020	2021	2022	2023	Subsequent years
GDP growth	10%	Upturn	0.24	0.26	0.26	0.36	0.39
	80%	Base	0.23	0.34	0.34	0.11	0.12
	10%	Downturn	0.34	0.36	0.36	0.01	0.01
Oil Price %	10%	Upturn	55.61	57.07	57.07	68.00	75.00
	80%	Base	53.50	54.96	54.96	56.00	60.00
	10%	Downturn	51.18	52.64	52.64	32.00	30.00
Inflation rate %	10%	Upturn	0.11	0.11	0.11	18.00	18.00
	80%	Base	0.12	0.12	0.12	35.00	38.00
	10%	Downturn	0.12	0.12	0.12	42.00	46.00

CAPITAL HOTELS PLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

28.4 Financial instruments risk management objectives and policies - continued

	2022	2021
	Intercompany receivables	
	N'000	N'000
Upturn	1,724	578
Base	14,851	1,000
Downturn	1,591	10,043
	18,166	**11,621**

Due from related company

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

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2022	506,647	-	-	506,647
Transfer to stage 2	(506,647)	506,647	-	-
Additions	-	-	-	-
Asset derecognised or repaid (excluding write offs)	-	(129,091)	-	(129,091)
At 31 December 2022	**-**	**377,556**	**-**	**377,556**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2022	11,621	-	-	11,621
Transfer to stage 2	(11,621)	11,621	-	-
Charge for the year	-	6,545	-	6,545
At 31 December 2022	**-**	**18,166**	**-**	**18,166**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2021	517,717	-	-	517,717
Additions	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(11,070)	-	-	(11,070)
At 31 December 2021	**506,647**	**-**	**-**	**506,647**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2021	10,044	-	-	10,044
Charge for the year	1,577	-	-	1,577
At 31 December 2021	**11,621**	**-**	**-**	**11,621**

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

Excessive risk concentration

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

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

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

Year ended 31 December 2022	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total N'000
Trade and other payables*	-	-	1,902,535	-	-	1,902,535
Due to related parties	-	-	954,553	-	-	954,553
	-	-	2,857,088	-	-	2,857,088

Year ended 31 December 2021	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	> 5 years N'000	Total days N'000
Trade and other payables*	-	-	1,265,767	-	-	1,265,767
	-	-	1,265,767	-	-	1,265,767

*Trade and other payables balance above is net of PAYE, WHT, VAT, Entertainment tax and Pension

CAPITAL HOTELS PLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

29. 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	2022 Number	2021 Number
Managerial	5	8
Others	249	277
	254	285
N0- N200,000	-	-
N200,001-N400,000	216	106
N400,001-N600,000	29	14
N600,001-N800,000	6	20
N800,001- N1,000,000	1	24
Above N1,000,000	2	121
	254	285

Staff costs for the above persons (excluding Directors):

	2022 ₦'000	2021 ₦'000
Salaries and wages	1,185,152	903,126
Pension cost	26,465	30,876
	1,211,617	**934,002**

30. 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.

31. Going concern

The company made a net loss of N120.510 million (2021: N320.46 million) for the year ended 31 December 2022. The company however have strong working capital position as its current assets exceeds its current liabilities by N8.89 billion (2021: negative N446.55 million) as at date. Its total assets exceeded its total liabilities by N25.03 billion (2021: N14.26 billion).

Capital Hotels Plc has been a profitable business prior to 2020 when it first experienced a loss. The losses were because of the impact of COVID-19 on the operations of the Company. It resulted in total lockdown of the Hotel for over half of the year. While the Hotel was shut on the orders of the Federal Government, cost was being incurred for the running of sensitive equipment for obvious reasons: the cost of reviving the equipment far outweighs the cost keeping them going. This is more so as the hospitality industry was worse hit by the impact of the virus as most people were locked indoors.

Management has prepared forecasts and projections that demonstrate that the Company should be able to make profit in the next twelve months in the ordinary course of business. The Company expects to be able to generate enough revenue from the sale of its services. The current cash flows shows the strong state of health of the Company to fund its business operations. It also shows that the Company will be able to generate more cash flows from its operations because of the strategies and actions put in place by management, which the Directors considered achievable.

The Parent Company, 22 Hospitality Limited which own 66.13% 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.

CAPITAL HOTELS PLC
VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022		2021	
	₦'000		₦'000	
Revenue	5,332,322		3,827,964	
Other operating income	106,804		164,976	
Finance income	138,883		20,531	
	5,578,009		4,013,471	
Bought in services				
- Foreign	(244,966)		(136,497)	
- Local	(4,654,363)		(2,593,444)	
Total Value added	678,680		1,283,530	
Applied as follows:		%		%
Employees				
Salaries and other labour related benefits	1,211,617	179	934,002	73
Government				
Taxation	26,715	4	434,571	34
The Future				
Deferred tax	(675,092)	(99)	(116,730)	(9)
Depreciation and amortisation	275,344	41	352,148	27
Loss for the year	(159,904)	(24)	(320,461)	(25)
	678,680	100	1,283,530	100

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.

CAPITAL HOTELS PLC
FIVE YEAR FINANCIAL SUMMARY
AS AT 31 DECEMBER 2022

	2022	2021	2020	2019	2018
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property, plant and equipment	16,323,273	15,670,676	15,515,398	6,077,946	4,352,425
Intangible assets	89,370	17,543	86,886	160,578	26,101
Net current assets/ (liabilities)	8,876,750	(446,548)	374,621	1,235,492	3,067,815
Non-current liabilities	(303,447)	(978,539)	(1,393,312)	(732,696)	(1,029,358)
	24,985,946	**14,263,132**	**14,583,593**	**6,741,320**	**6,416,983**
Equity					
Issued capital	1,580,388	774,390	774,390	774,390	774,390
Share premium	10,076,720	-	-	-	-
Retained earnings	5,167,271	5,327,175	5,647,636	5,966,930	5,642,593
Revaluation Surplus	8,161,567	8,161,567	8,161,567	-	-
Total equity	**24,985,946**	**14,263,132**	**14,583,593**	**6,741,320**	**6,416,983**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2022	2021	2020	2019	2018
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Revenue	5,332,322	3,827,964	1,947,583	5,188,276	5,977,436
(Loss)/profit before taxation	(808,281)	(2,620)	(466,714)	622,409	507,781
Taxation	648,377	(317,841)	224,859	(699,656)	(127,835)
(Loss)/profit after taxation	(159,904)	(320,461)	(241,855)	(77,247)	379,946
	2022	**2021**	**2020**	**2019**	**2018**

CAPITAL HOTELS PLC
SHARE CAPITAL HISTORY
FOR THE YEAR ENDED 31 DECEMBER 2022

Date	Authorised Capital (N)	Issued and Fully Paid Capital (N)	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
2002	800,000,000	774,390,000	Debt conversion & Privatisation
2022	1,580,387,755	1,580,387,755	Cash

Visit to Charity Faith and Hope Orphanage, Gudu-Abuja.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of Capital Hotels Plc (The Company) will be held at 12 noon on Wednesday 17 May 2023 at Abuja Continental Hotel, Abuja for the following purposes:

ORDINARY BUSINESS

1. To lay before the Members the Audited Financial Statements for the year ended 31 December 2022, 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 appoint Messrs Grant Thornton as the External Auditors of the Company, and to authorize the Directors to fix their remuneration.
5. To disclose the remuneration of the Managers of the Company.

SPECIAL BUSINESS

6. To fix the remuneration of the Directors.
7. To consider and if thought fit pass the following as a Special Resolution viz:

"That subject to the applicable rules of the Nigerian Exchange Limited (NGX) and subject to the compliance with other statutory requirements, the Shareholders hereby approve the voluntary delisting of the shares of Capital Hotels Plc from the Nigerian Exchange Limited (NGX)."

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 Registers 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 Monday 3rd May 2023 to Friday 8th May 2023 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 10th May 2023.

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 with the Annual Report. Any Shareholder affected by this notice is advised to write to or call at the Company' Registrars, Cardinalstone Registrars Limited, 335/337 Herbert Macaulay Road, Yaba, Lagos State 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 Ugwuanyi Esq.
FRC/2017/NBA/00000016473
For: Ifebunandu & Co
Company Secretary
29 March 2023

CAPITAL HOTELS PLC
(Owners of Abuja Continental Hotel)

SHAREHOLDER ADMINISTRATION FOR THE YEAR ENDED 31 DECEMBER 2022

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 Form should be deposited at the o ceCardinal Stone Registrars Limited, 335/337 Herbert Macaulay Road, Yaba, Lagos or with the Company Secretary – Ifebunandu and Co, Barristers & Solicitors, Suite 2B South East Pavilion, TBS, 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 recognise 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 sincerely,
Ifebunandu and Co
Company Secretary

CAPITAL HOTELS PLC
(Owners of Abuja Continental Hotel)

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	
Further please note my/ our change of address and other information as follows:	
Old Address	**New Address**
Other information	
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.

Please affix postage stamp here

The Registrars
Cardinalstone Registrars Ltd
358 Herbert Macaulay Road,
Yaba- Lagos

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)

CAPITAL HOTELS PLC
(Owners of Abuja Continental Hotel)

Proxy Form

ANNUAL GENERAL MEETING TO BE HELD AT THE ABUJA CONTINENTAL HOTEL, ABUJA ON WEDNESDAY 17 TH MAY, 2023 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 2023 Annual General Meeting of the Company to be held on the 17th May, 2023

Dated this............ Day of................2023

NUMBER OF SHARES

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	RESOLUTIONS	For	Against
1.	To lay before the members the Audited Financial Statements for the year ended 31st December 2022, etc.		
2.	To re-elect the following Directors: i. Mr. Chuma Anosike ii. Mr. Toke Alex-Ibru iii. Hon Lawal Idirisu iv Mr. Ramesh Kansagra v Mr. Ravi Bachu vi Mr. Pascal Demarchi vii Mr. Rishi Kansagra viii Chief Paul Obi, ksc ix Alhaji Aminu Abdulkadir		
3.	To elect members of the Audit Committee		
4.	To appoint Messrs. Grant Thornton as the External Auditors, and authorize the Directors to fix their remuneration.		
5.	To disclose the remuneration of the Managers of the Company.		
6.	To fix the remuneration of the Directors.		
7.	To consider and if thought fit pass the following as a Special Resolution viz: "That subject to the applicable rules of the Nigerian Exchange Limited (NGX) and subject to the compliance with other statutory requirements, the Shareholders hereby approve the voluntary delisting of the shares of Capital Hotels Plc from the Nigerian Exchange Limited (NGX)."		

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.

	Notes
1.	Before posting the above proxy form, please tear off this part and retain it. A person attending the Annual General Meeting o f 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, Cardinal Stone Registrars Limited, 3 35/337, Herbert Macaulay Road, Yaba, Lagos, not later than 1.00 pm, Monday 15 th May, 2023
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.	If the proxy form is executed by a Corporation, it should be sealed under its Common Seal or under the hand seal of its attor ney.
	Before posting the above form, please cut off this part and retain it for admission to the meeting.