



**IKEJA HOTEL PLC** (RC. 10845)  
*...Service par Excellence*

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**IKEJA HOTEL PLC (RC 10845)**

**Unaudited Group Financial Statements  
For The Second Quarter Ended 30 June, 2023**

IKEJA HOTEL PLC IS THE OWNER OF SHERATON LAGOS HOTEL, IKEJA

**DIRECTORS:** Chief Anthony Idigbe, SAN (Chairman), Mr. Abatcha Bulama, Mr. Ufuoma Ibru, Mr. Toke Alex-Ibru,  
Mr. Kunle Aluko, Mrs. Fadeke Olugbemi, Ms. Ngozi Edozien, Mr. Theo Eniola Netufo, MD/CEO

# **IKEJA HOTEL PLC**

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# **IKEJA HOTEL PLC**

## **Certification of Financial Statements**

In compliance with Section 60(2) of the Investment and Securities Act, 2007, we have reviewed the unaudited interim Financial Statements of the Group for the Second Quarter Ended 30 June 2023.

The Financial Statements, based on our knowledge, does not contain any untrue statement of any material fact or contain any misleading information in any respect.

The Financial Statements, and other financial information included therein, present fairly in all material respects the consolidated statement of financial position, consolidated statement of financial performance and consolidated statement of cash flows of the Group for the Second Quarter Ended 30 June 2023.

We are responsible for designing the internal controls and procedures surrounding the financial reporting process and assessing these controls in accordance with Section 60(2) of the Investment and Securities Act, 2007 and have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us by others within the entity. The controls, which are properly prepared, have been operating effectively during the year under reference.

Based on the foregoing, we, the undersigned, hereby certify that to the best of our knowledge and belief, the information contained in the unaudited interim Financial Statements of Ikeja Hotel Plc for the Second Quarter Ended 30 June 2023 are complete, accurate and free from any material misstatement.



**Theophilus E. Netufo**  
Managing Director/CEO  
FRC/2013/ICAN/00000004775

20 July 2023



**Zacchaeus O. Adeyemo**  
Controller of Finance  
FRC/2018/ICAN/00000017858

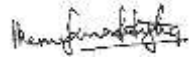
20 July 2023

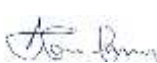
# IKEJA HOTEL PLC


## Consolidated Statement of Financial Position As at 30 June 2023


	Notes	The Group		The Company	
		30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
<b>Non-Current Assets</b>					
Property, plant and equipment	7	7,033,943	6,927,608	7,033,943	6,927,608
Capital work in progress	9	66,713	67,842	66,713	67,842
Intangible asset	10	20,319	18,329	20,319	18,329
Investment in subsidiaries	35	-	-	4,444,518	4,444,518
Investment accounted for using the equity method	36	-	-	798,722	798,722
<b>Total Non-Current Assets</b>		<b>7,120,977</b>	<b>7,013,779</b>	<b>12,364,216</b>	<b>12,257,019</b>
<b>Current Assets</b>					
Inventories	20	225,797	223,605	225,797	223,605
Trade Receivables	18	1,311,101	863,604	1,308,617	863,604
Other Receivables and Prepayment	19	863,008	872,080	863,008	869,787
Loan to related party	21	9,952,308	9,952,308	9,952,308	9,952,308
Amount due from related parties	22	-	-	268,442	643,739
Financial investment	37	-	2,332,655	-	-
Cash and Cash Equivalents	23	11,885,586	8,605,724	6,716,735	5,494,754
<b>Total Current Assets</b>		<b>24,237,799</b>	<b>22,849,976</b>	<b>19,334,907</b>	<b>18,047,796</b>
<b>Total Assets</b>		<b>31,358,776</b>	<b>29,863,755</b>	<b>31,699,123</b>	<b>30,304,815</b>
<b>Equity and Liabilities</b>					
Share Capital	31.2	1,039,398	1,039,398	1,039,398	1,039,398
Share Premium	32	1,381,072	1,381,072	1,381,072	1,381,072
Retained Earnings	33	5,913,941	5,551,514	5,983,728	5,686,510
Capital Reserve		1,832	1,832	-	-
<b>Equity attributable to equity holders of Parent</b>		<b>8,336,243</b>	<b>7,973,816</b>	<b>8,404,198</b>	<b>8,106,980</b>
<b>Non-Controlling interest</b>	34	<b>(155,791)</b>	<b>(190,903)</b>	<b>-</b>	<b>-</b>
		<b>8,180,452</b>	<b>7,782,913</b>	<b>8,404,198</b>	<b>8,106,980</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Amount Due to Related Parties	27	10,477,277	9,888,824	11,250,383	10,668,541
Retirement Benefits Obligation	30.	714,553	533,726	713,919	533,726
Deferred Tax	29.2	159,133	159,133	159,133	159,133
<b>Non-Total Current Liabilities</b>		<b>11,350,963</b>	<b>10,581,683</b>	<b>12,123,434</b>	<b>11,361,400</b>
<b>Current Liabilities</b>					
Trade and Other Payables	25	2,334,872	2,506,564	1,840,128	2,004,704
Deferred Income	24	9,135,971	8,742,793	8,993,715	8,600,538
Deposit for Shares	26	93,600	93,600	93,600	93,600
Dividend Payable	28	16,691	16,691	16,691	16,691
Current Tax Payable	29.1	246,227	139,511	227,357	120,902
<b>Total Current Liabilities</b>		<b>11,827,361</b>	<b>11,499,159</b>	<b>11,171,490</b>	<b>10,836,435</b>
<b>Total Liabilities</b>		<b>23,178,324</b>	<b>22,080,842</b>	<b>23,294,924</b>	<b>22,197,835</b>
<b>Total Equity and Liabilities</b>		<b>31,358,776</b>	<b>29,863,755</b>	<b>31,699,123</b>	<b>30,304,815</b>

These consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 20 July 2023.

  
Chief Anthony Idigbe, SAN  
Chairman  
FRC/2014/NBA/00000010414

  
Alhaji Abatcha Bulama  
Director  
FRC/2014/ICAN/000006535

  
Mr. Theophilus E. Netufo  
Managing Director/CEO  
FRC/2013/ICAN/00000004775

  
Mr. Zacchaeus O. Adeyemo  
Controller of Finance  
FRC/2018/ICAN/00000017858

The accompanying notes form an integral part of these consolidated financial statements.

# IKEJA HOTEL PLC

## Consolidated Statement of Comprehensive Income For The Six Months Ended 30 June 2023

	Note	The Group		The Company	
		Year to date		Year to date	
		30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
		N'000	N'000	N'000	N'000
Revenue	11	4,567,983	6,892,323	4,567,983	4,015,547
Cost of Sales	12	(3,057,608)	(5,062,363)	(3,057,608)	(2,669,448)
Gross Profit		<b>1,510,375</b>	1,829,960	<b>1,510,375</b>	1,346,099
Other Income	0	127,606	46,607	124,342	4,645
Sales and Distribution Expenses	16	(166,690)	(259,525)	(166,690)	(148,896)
Administrative and General Expenses	15	(608,088)	(872,171)	(519,034)	(479,900)
<b>Operating Profit/(Loss)</b>		<b>863,203</b>	744,870	<b>948,993</b>	721,947
Finance Income	0	267,548	1,934	81,175	1,934
Finance Costs	17	(589,844)	(536,137)	(589,844)	(536,137)
Share of Loss in Investment Accounted for Using Equity		-	-	-	-
<b>Profit/(Loss) Before Taxation</b>		<b>540,907</b>	210,668	<b>440,324</b>	187,745
Current Tax (Expense)/Income	29.3	(143,367)	(90,189)	(143,105)	(79,603)
<b>Profit for the Period</b>		<b>397,540</b>	120,478	<b>297,218</b>	108,142
<b>Profit/(Loss) Attributable to:</b>					
Equity Holders of the Parent		362,427	112,860	297,218	108,142
Non-Controlling Interest		35,112	7,618	-	-
		<b>397,540</b>	120,478	<b>297,218</b>	108,142
<b>Other Comprehensive Income/(Loss) for the Period:</b>					
Re-measurement Gain/(Loss of Defined Benefit Plan)		-	-	-	-
Other comprehensive income for the Period		-	-	-	-
<b>Total Comprehensive Income for the Period</b>		<b>397,540</b>	120,478	<b>297,218</b>	108,142
<b>Total Comprehensive Income for the Period Attributable to:</b>					
Equity Holders of the Parent		362,427	112,860	297,218	108,142
Non-Controlling Interest		35,112	7,618	-	-
<b>Total Comprehensive Income for the Period Attributable to:</b>		<b>397,540</b>	120,478	<b>297,218</b>	108,142
<b>Basic Earnings Per Share (kobo)</b>		<b>19</b>	6	<b>14</b>	5

**Consolidated Statement of Comprehensive Income  
For The Three Months Ended 30 June 2023**

	<b>The Group</b>		<b>The Company</b>	
	<b>Apr.-Jun 2023</b>	<b>Apr.-Jun 2022</b>	<b>Apr.-Jun 2023</b>	<b>Apr.-Jun 2022</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Revenue	2,511,024	3,571,615	2,511,024	1,984,352
Cost of Sales	(1,551,215)	(2,799,544)	(1,551,215)	(1,521,420)
<b>Gross Profit</b>	<b>959,809</b>	<b>772,071</b>	<b>959,809</b>	<b>462,932</b>
Other Income	68,697	28,846	67,042	3,030
Sales and Distribution Expenses	(86,345)	(186,035)	(86,345)	(75,406)
Administrative and General Expenses	(322,572)	(297,098)	(294,494)	(78,328)
<b>Operating Profit/(Loss)</b>	<b>619,588</b>	<b>317,784</b>	<b>646,011</b>	<b>312,228</b>
Finance Income	177,749	823	78,174	1,159
Finance Costs	(295,852)	(268,737)	(295,852)	(268,401)
<b>Profit/(Loss) Before Taxation</b>	<b>501,485</b>	<b>49,870</b>	<b>428,332</b>	<b>44,986</b>
Current Tax Expense	(139,374)	(40,220)	(139,268)	(33,920)
<b>Profit for the Period</b>	<b>362,111</b>	<b>9,650</b>	<b>289,064</b>	<b>11,066</b>
<b>Profit Attributable to:</b>				
Equity Holders of the Parent	<b>354,076</b>	10,524	289,064	11,066
Non-Controlling Interest	<b>8,035</b>	(874)	-	-
	<b>362,111</b>	<b>9,650</b>	<b>289,064</b>	<b>11,066</b>
<b>Other Comprehensive Income for the Period</b>				
<b>Total Comprehensive Income for the Period</b>	<b>362,111</b>	<b>9,650</b>	<b>289,064</b>	<b>11,066</b>
<b>Earnings per Share (kobo)</b>	<b>17</b>	<b>0.46</b>	<b>14</b>	<b>1</b>

# IKEJA HOTEL PLC

## Statement of Changes in Equity as at 30 June 2023

Attributable to the Equity Holders of the Company	The Group							The Company			
	Issued	Share	Retained	Capital	Revaluation	Non-Controlling	Total	Issued	Share	Retained	Total
	Capital	Premium	Earnings	Reserve	Reserve	Interest	Equity	Capital	Premium	Earnings	
=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Balance as at 1 January 2023	1,039,398	1,381,072	5,551,514	1,832	-	(190,903)	7,782,912	1,039,398	1,381,072	5,686,510	8,106,980
<b>Changes in Equity for the Period</b>											
Profit for the Period			362,427			35,112	397,540	-	-	297,218	297,218
Re-measurement gain on defined benefit plans							-			-	-
<b>Total Comprehensive Income for the Period</b>			362,427		-	35,112	397,540			297,218	297,218
Reclassifications/derecognition											
At 30 June 2023	1,039,398	1,381,072	5,913,941	1,832	-	(155,791)	8,180,452	1,039,398	1,381,072	5,983,728	8,404,198

Balance as at 1 January 2022	1,039,398	1,381,072	6,413,223		3,121,799	8,806,428	20,761,920	1,039,398	1,381,072	5,448,269	7,868,740
<b>Changes in Equity for the Period</b>											
Profit/(Loss) for the Period			112,860			7,618	120,478	-	-	108,142	108,142
<b>Total Comprehensive Income for the Period</b>			112,860	-	-	7,618	120,480	-	-	108,142	108,142
At 30 June 2022	1,039,398	1,381,072	6,526,083	-	3,121,799	8,814,046	20,882,400	1,039,398	1,381,072	5,556,411	7,976,881

# IKEJA HOTEL PLC

## Consolidated Statement of Cash Flows For The Six Months Ended 30 June 2023

	Notes	The Group		The Company	
		30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000
<b>Profit/(Loss) before tax</b>		<b>540,907</b>	210,668	<b>440,324</b>	187,745
<b>Adjustment for:</b>					
Depreciation of PPE	7	220,153	363,957	220,153	231,905
Amortisation of Intangible Asset	10.1	1,474	13,575	1,473	1,352
Finance Costs	17	589,844	536,137	589,844	536,137
Post Employment Benefit Expense		-	(4,356)	-	(4,006)
Interest on Placement with Banks	14	(267,548)	(10,564)	(81,175)	(1,934)
Profit on Disposal of PPE	7	-	(1,594)	-	(1,594)
Exchange (Gain)/Loss		(124,342)	-	(124,342)	-
		<b>960,489</b>	<b>1,107,822</b>	<b>1,046,276</b>	949,604
<b>Changes in:</b>					
Inventories	20	(2,192)	(38,913)	(2,192)	(4,508)
Trade and Other Receivables	18	(447,497)	(163,485)	(445,013)	(192,823)
Other Assets	19	9,072	(289,770)	6,779	(304,502)
Post Employment Benefits Expense		180,828	418,231	180,194	51,131
Due from Related Parties		-	-	375,296	(5,944)
Trade and Other Payables	25	266,775	1,243,041	(164,576)	43,234
Deposit for Shares	26.1	-	319,679	-	-
Deferred Income	24	393,177	3,036	393,177	-
Due to Related Parties		588,453	525,405	581,842	534,696
<b>Cash generated from Operating Activities</b>		<b>1,949,105</b>	<b>3,125,045</b>	<b>1,971,782</b>	<b>1,070,888</b>
Income Tax Paid	29.1	(36,651)	(30,525)	(36,651)	(30,525)
<b>Net Cash from Operating Activities</b>		<b>1,912,453</b>	3,094,520	<b>1,935,130</b>	<b>1,040,363</b>
<b>Cash Flows from Investing Activities</b>					
Additions to Property Plant and Equipment	7	(326,489)	(224,754)	(326,488)	(10,701)
Additions to Intangible Assets		(3,464)	-	(3,464)	-
Additions to/Utilization of Capital Work in Progress	9	1,129	(300,633)	1,129	(11,912)
Interest on Placement with Banks		267,548	3,913	81,175	1,934
Proceed on Disposal of Property, Plant & Equipment		-	7,761	-	1,800
<b>Net Cash Flows used in Investing Activities</b>		<b>(61,276)</b>	(513,713)	<b>(247,647)</b>	<b>(18,878)</b>
<b>Cash Flows from Financing Activities</b>					
Finance Costs		(589,844)	(531,093)	(589,844)	(536,137)
Payment to Related Party		-	-	-	(17,500)
Proceed from Sales of Shares(CHPL)		1,894,188	-	-	-
<b>Net Cash Flows used in Financing Activities</b>		<b>1,304,344</b>	<b>(531,093)</b>	<b>(589,844)</b>	<b>(553,637)</b>
Net Increase in Cash and Cash Equivalent		3,155,521	2,049,714	1,097,639	467,847
Cash and Cash Equivalents at the Beginning of the Year		8,605,724	4,844,019	5,494,754	3,836,334
Effect of Foreign Exchange Rate Changes on the Balance of Cash Held in Foreign Currencies		124,342	-	124,342	-
<b>Cash and Cash Equivalent at the end of the Period</b>		<b>11,885,586</b>	6,893,733	<b>6,716,735</b>	4,304,181



## **IKEJA HOTEL PLC**

### **Notes to the Unaudited Financial Statements**

#### **For the Period Ended 30 June 2023**

#### **1. The Group**

##### **1.1 The reporting entity**

##### **1.1.1 The Group**

The group comprise Ikeja Hotel Plc. and its subsidiary - Hans Gremlin Limited (75%), Charles Hampton (90%) and IHL Services Limited with 100% shareholdings.

##### **1.2 The Company**

Ikeja Hotel Plc., formerly Properties Development Limited, was incorporated on 18 November, 1972. It owns the Sheraton Lagos Hotel, and is a core investor in Hans Gremlin Nigeria Limited. It also has significant shareholding in the Tourist Company of Nigeria Plc. (Owners of Federal Palace Hotel & Casino, Lagos).

The Hotel was managed and operated by Starwood Eame License and Services Company BVBA up to June 2017 under an agreement dated 31 October 1980 and renewed 1 April 2008. Subsequently Marriot International took over the management of the Sheraton brand from June 2017 due to acquisition of Starwood Eame License and Services Company BVBA.

##### **1.3 Corporate office**

The registered office of the company is 84, Opebi Road, Ikeja, Lagos, Nigeria.

##### **1.4 Principal activities**

The principal activities of the group are operation of hotels and restaurants, apartment letting, recreational facilities, night clubs and business centre services, advisory and consultancy services.

#### **2. Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011.

##### **2.1 Functional and presentation currency**

The consolidated financial statements are presented in naira, which is the group's functional and presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the group operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in naira, which is the functional currency of the group and the presentational currency for the financial statements.

##### **2.2 Going concern status**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity. Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the consolidated financial statements.

##### **2.3 Basis of consolidation**

The interim consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30 June, 2023. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on transactions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

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

#### **3. Basis of measurement**

The financial statements have been prepared under the historical cost basis except for the following:

- Investment properties measured at fair value.
- Financial assets classified as amortised cost measured at amortised cost.  
Financial assets designated at fair value through other comprehensive income measured at fair value through other comprehensive income.
- Financial assets designated at fair value through profit or loss measured at fair value through profit or loss.
- Financial liabilities including borrowings measured at fair value.
- defined benefit obligations measure at the discounted future value of all expected future obligations plus past service costs and actuarial loss less actuarial gains.
- Inventory measured at lower of cost and net realisable value.

#### **4. Critical accounting estimates and judgement**

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### **4.1 Asset useful lives and residual values:**

Property, plant and equipment are depreciated over their useful lives, taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

##### **4.2 Taxes**

- i Uncertainties exist with respect to the amount and timing of future taxable income. Given the complexities of existing contractual agreement, differences arising between the actual results and the assumptions made could necessitate future adjustment to tax

**IKEJA HOTEL PLC**  
**Notes to the Unaudited Financial Statements**  
**For the Period Ended 30 June 2023**

income and expenses already recorded. The Company establishes provisions based on reasonable estimates.

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

**4.3 Provisions/contingencies**

Provisions are liabilities of uncertain timing and are recognised when the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount that can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

**4.4 Impairment of financial assets**

Impairment of financial assets is based on the application of the expected credit loss model (ECL) in accordance with IFRS 9, Financial Instruments. The measurement of expected credit loss by the Group under IFRS 9 reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. Also, management considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses. Management considers the risk or probability that a credit loss occurs by considering the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the probability of a credit loss occurring is low. The application of variables under this model involves estimates which require significant judgement by management.

**4.5 Retirement benefit obligation**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using various assumptions that may differ from actual developments in future. The assumptions used include the discount rate, future salary increases, mortality rates and future pension increases. Changes in these assumptions will impact the carrying amount of the pension obligation. The Group determines the appropriate discount rate at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the expected term of the related pension obligation.

**4.6 Investment property**

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss. Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replacement components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

**4.7 Impairment of inventory**

The inventory provision is based on average loss rates of inventory in recent months. The provision makes use of inventory counts performed which is considered to be representative of all inventory items held.

**3. Summary of Standards and Interpretations effective for the first time**

The following represent amendments and revisions to the International Financial Reporting Standards and interpretations which are effective for annual periods beginning on or after 1 January 2017. These amendments and interpretations have been adopted where applicable in preparing the financial statements. The nature and the impact of each newly effective standard and amendments are described below:

**a) Amendments to "IFRS 5 Non-current Assets Held for Sale and Discontinued Operations"**

The amendment clarifies cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

**b) Amendments to "IFRS 7 Financial Instruments: Disclosures"**

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of previous amendments to IFRS 7 issued in December 2011 with regards to offsetting financial assets and financial liabilities.

**c) Amendments to IFRS 11 "Joint Arrangements" Accounting for Acquisitions of Interests in Joint Operations**

Amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.

**d) "IFRS 14 Regulatory Deferral Accounts"**

The Standard permits first-time adopters to continue to recognise amounts related to its rate regulated activities in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard.

**f) Amendments to "IAS 16 Property, Plant and Equipment"**

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the

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operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

**g) Amendments to "IAS 19 Employee Benefits"**

The amendment clarifies the requirements of determining the discount rate in a regional market sharing the same currency (for example, the Eurozone).

**h) Amendments to "IAS 27 Consolidated and Separate Financial Statements"**

Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

**i) Amendments to "IAS 34 Interim Financial Reporting"**

The Amendment discusses clarification of the meaning of disclosure of information 'elsewhere in the interim financial report.

**j) Amendments to "IAS 38 Intangible Assets"**

Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.

Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.

**k) Amendments to "IAS 41 Agriculture: Bearer Plants"**

Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, Plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16.

**l) Amendments to "IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures"**

The following issues have arisen in the context of applying the consolidation exception for investment entities:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a noninvestment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

**5. Standards and interpretations issued/amended but not yet effective.**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

**3.1 Amendments effective from annual periods beginning on or after 1 January 2017**

**a) Amendments to IFRS 12 Disclosure of Interests in Other Entities**

This amendment clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

**b) Amendments to IFRS for SMEs**

- The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;
- The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never finalized); and
- The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

**c) Amendments to IAS 7 Statement of Cash Flows**

This amendment to IAS7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

**d) Amendments to IAS 12 Income Taxes**

Amends to recognition of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The following standards have been issued or amended by IASB and become effective for annual periods beginning on or after 1 January 2020

Standard

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IFRS 3	Business Combination	01-Jan-20
IAS 1 & IAS 8	Definition of Material	01-Jan-20
IFRS 17	Insurance Contracts	01-Jan-21

#### **5.2 Amendments to IFRS 3 (Business Combination)**

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g.) An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business.

They include:

- That to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The effective date is on or after 1st January 2020. This amendment does not have any impact on the company.

#### **5.3 Amendment to IAS 1 and IAS 8**

In October 2018, the IASB issued the definition of 'material'. The amendments are intended to clarify, modify and ensure that the definition of 'material' is consistent across all IFRS. In IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'material' is quoted below:

#### **5.3 Amendment to IAS 1 and IAS 8 (continued)**

"An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity".

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for annual reporting periods beginning on or after 1st January 2020. The company has taken into consideration the new definition in the preparation of its annual account.

#### **5.4 IFRS 17 - Insurance Contracts**

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the company/group in anyway as the company/group and its subsidiary companies do not engage in insurance business.

### **6. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently for all the years presented, unless otherwise stated.

#### **6.1 Investments in subsidiaries**

The consolidated financial statements incorporates the financial statements of the company and all its subsidiaries where it is determined that there is a capacity to control. Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usually present when an entity has:

- power over more than one-half of the voting rights of the other entity;
- power to govern the financial and operating policies of the other entity;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners).

In its separate accounts, the Company accounts for its investment in subsidiaries at cost.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for consolidation.

#### **6.2 Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognized at cost in the separate financial

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statements, however in its consolidated financial statements; it is recognized at cost and adjusted for in the Group's share of changes in the net assets of the investee after the date of acquisition, and for any impairment in value. If the Group's share of losses of an associate exceeds its interest in the associate, the group discontinues recognizing its share of further losses.

#### **6.3 Investments in joint ventures**

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognized at cost and adjusted for in the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the company discontinues recognizing its share of further losses.

#### **6.4 Investments in special purpose entities (SPEs)**

SPEs are entities that are created to accomplish a narrow and well-defined objective. The financial statements of the SPE is included in the consolidated financial statements where on the substance of the relationship with the Group and the SPE's risk and reward, the Group concludes that it controls the SPE.

#### **6.5 Business combinations**

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured at the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in order to obtain control of the acquiree (at the date of exchange). Costs incurred in connection with the acquisition are recognised in profit or loss as incurred. Where a business combination is achieved in stages, previously held interests in the acquiree are re-measured to fair value at the acquisition date (date the Group obtains control) and the resulting gain or loss, is recognised in profit or loss. Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. The costs of integrating and reorganising acquired businesses are charged to the post acquisition profit or loss. If the initial accounting is incomplete at the reporting date, provisional amounts are recorded. These amounts are subsequently adjusted during the measurement period, or additional assets or liabilities are recognised when new information about its existence is obtained during this period. Non-measurement period adjustments to contingent consideration(s) classified as equity are not remeasured. Non-measurement period adjustments to other contingent considerations are remeasured at fair value with changes in fair value recognised in profit or loss. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

#### **6.6 Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its costs is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

##### **6.6.1 Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

##### **6.6.2 Derecognition of property, plant and equipment**

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

##### **6.6.3 Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment is calculated over the depreciable amount which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

<b>Class of assets</b>	<b>%</b>
Freehold land	NIL
Building	5
Hotel equipment	20
Office equipment, furniture and fittings	10
Computer equipment	33 <sup>1</sup> / <sub>3</sub>
Motor vehicles	33 <sup>1</sup> / <sub>3</sub>

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Land and assets under construction (work in progress) are not depreciated.

#### **6.7 Intangible assets**

These comprise computer software and goodwill. Intangible assets excluding goodwill is stated at cost, less accumulated amortisation

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and impairment losses, if any. Subsequent costs are included in the asset's carrying amount the intangible asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

#### **6.7.1 Amortisation of intangible assets**

Intangible assets excluding goodwill is amortised on a straight-line basis over the estimated useful lives of the intangible asset. Amortisation charge is included in administrative expense in the profit or loss account. Intangible assets with an indefinite useful life are tested for impairment annually. Intangible assets are amortised from the date they are available for use. The useful lives is as follows:

- Computer Software - 10 years

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

The amortisation methods, useful lives and residual values of intangible assets are reviewed annually and adjusted if appropriate.

#### **6.7.2 Intangible assets acquired separately**

Intangible assets acquired separately are shown at historical cost less accumulated amortisation and impairment losses.

#### **6.7.3 De-recognition of Intangible Assets**

Intangible assets are derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceed as applicable, is recognised in profit or loss.

#### **6.7.4 Intangible assets generated internally**

Expenditures on research or on the research phase of an internal project are recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Group
- the Group has the intention of completing the asset for either use or resale
- the Group has the ability to either use or sell the asset
- it is possible to estimate how the asset will generate income
- the Group has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit and loss in the period in which they are incurred.

#### **6.7.5 Goodwill**

Goodwill on acquisitions comprises the excess of the aggregate of the fair value of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually. Impairment loss is recognized in the profit or loss account.

#### **6.8 Impairment of non financial assets**

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **6.9 Non current assets held for sale**

items of property, plant and equipment (PPE) are classified as non current current assets held for sale when it is highly probable that the item of PPE is available for immediate sale in its present condition, management has committed to the sale and the sale is expected to be completed within one year from the date of classification. Non current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Items of PPE and intangible assets classified as held for sale are not depreciated or amortised. Impairment losses are recognised for any initial or subsequent write down of the asset to fair value less cost to sell. Gains are recognised on any subsequent increase in fair value less cost to sell, up to the cumulative impairment loss that has been recognised.

#### **6.9.1 Reclassifications**

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in income statement.

#### **6.10 Financial instruments**

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

#### **6.10.1 Financial assets**

The Group adopts IFRS 9, Financial instruments in the classification of its financial assets. In accordance with IFRS 9, the

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classification of financial assets is based on the Group's business model for managing the financial assets and the contractual cash flows characteristics of the asset as follows:

Amortised cost: Financial assets are measured at amortised cost where:

The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

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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.

*Fair value through other comprehensive income:* financial assets are classified and measured at fair value through other comprehensive income where the Group's business model is both to collect contractual cash flows and selling the financial assets when opportunities arise. The contractual cash flows are represented by principal and interest repayments on the financial assets.

*Fair value through profit or loss:* any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

Appropriate reclassifications are made to financial assets when the group changes its business model for managing a financial asset.

Financial assets presently held by the Group are trade receivables which are held at amortised costs.

#### **6.10.2 Recognition and measurement**

Regular-way purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or losses are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

#### **6.10.3 Reclassifications**

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

#### **6.10.4 Impairment of financial assets**

Impairment of financial assets is based on the application of the expected credit loss model (ECL) in accordance with IFRS 9, Financial Instruments. The measurement of expected credit loss by the Group under IFRS 9 reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. Also, the Group considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses. The expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weightings. The Group considers the risk or probability that a credit loss occurs by considering the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the probability of a credit loss occurring is low.

Under IFRS 9, there are two approaches to the measurement of ECL as follows:

- a. General approach
- b. Simplified approach

#### **6.10.4 Impairment of financial assets (continued)**

Under the general approach considerations are given to whether there has been a significant increase in credit risks on the financial assets since initial recognition in which case an impairment loss for lifetime ECL is recognised. Otherwise, if at the reporting date management assesses that the credit risk on the financial asset has not increased significantly since initial recognition, impairment loss for 12 month ECL is recognised. Significant increase in credit risk is measured using the lifetime probability of default.

The simplified approach under the ECL model is based on a provision matrix and involves the following steps:

- Creating groups for trade receivables based on similar credit risks characteristics.

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- Collection of historical loss rates data and determining the period of applicability of the data.
- Determination of the expected loss rates for each of the groups of trade receivables created based on established periods for which receivables are past due.

Carry out necessary adjustments on the expected loss rates to reflect the effect of forward looking macro economic conditions expected to exist at the reporting date.

- Determination of the expected credit losses

The Group applies the simplified approach in the calculation of impairment loss on trade receivables.

#### **6.10.5 Financial liabilities**

The Group's financial liabilities at statement of financial position date include 'Borrowings' and payables (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are included in current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### **6.10.6 Interest bearing borrowings**

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest rate method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### **6.10.7 Offsetting financial instruments**

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

#### **6.10.8 Cash and cash equivalents**

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

#### **6.10.9 Non-derivative financial liabilities**

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expires. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

#### **6.10.1 Equity instruments**

Equity instruments issued by the Group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where the Group purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

#### **6.11 Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### **6.12 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

#### **6.13 Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

#### **6.14 Bank overdrafts and interest-bearing borrowings**

Bank overdrafts and interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

#### **6.15 Employee benefits**

##### **6.15.1 Defined contribution plans**

In accordance with the provisions of the amended Pension Reform Act, 2014 the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the company contribute 8% and 10% of the employee total emoluments.



## **IKEJA HOTEL PLC**

### **Notes to the Unaudited Financial Statements**

#### **For the Period Ended 30 June 2023**

The company's contribution under the scheme is charged to the profit and loss while employee contributions are funded through payroll deductions.

Obligations for contributions to the defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Contributions to a defined contribution plan that is due more than twelve months after the end of the period in which the employees render the service are discounted to their present value. Payments to defined contribution plans are recognised as an expense as they fall due. Any contributions outstanding at the year end are included as an accrual in the statement of financial position.

#### **6.15.2 Defined benefit plan**

The terms of the defined benefit pension plan define the amount that employees will receive on retirement. These amounts are dependent on factors such as age, years of service and compensation, and are determined independently of the contributions payable or the investments of the scheme. The defined benefit liability recognised on the statement of financial position is the difference between the present value of the defined benefit obligations and the fair value of plan assets.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. Actuarial gains and losses are recognised in full in the year in which they occur in other comprehensive income

Past service cost is recognised immediately to the extent that the benefits are already vested, or is amortised on a straight-line basis over the average period until the benefits become vested. When a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the curtailment occurs.

#### **6.15.2 Defined benefit plan (continued)**

The surplus or deficit on the entity's defined benefit plan is recognised in full in the statement of financial position. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

#### **6.15.3 Termination benefits**

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

#### **6.15.4 Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### **6.16 Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Group discloses a contingent liability when there is a possible obligation depending on whether some uncertain future event occurs or when there is a present obligation, but payment is not probable and the amount can not be estimated reliably.

The Group discloses a contingent asset where it is possible that an asset can arise from past events and the existence will be confirmed by the occurrence or non occurrence of one or more future events not wholly within the control of the entity.

#### **6.17 Restructuring**

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

#### **6.18 Revenue from contract with customers**

The Group applies the 5 step model in recognising revenue from contract with customers in accordance with IFRS 15, Revenue from contract with customers which involves:

- a. Identifying the contract with a customers
- b. Identifying the performance obligation in the contract
- c. Determining the transaction price
- d. Allocating the transaction price to the performance obligation in the contract
- e. Recognising revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service)

Revenue from a valid contract with a customer is recognised when the following conditions are met:

- a. The contract has been approved by the parties to the contract.
- b. The rights and obligations of the parties to the contract in relation to the goods and services to be transferred are identifiable.
- c. The payment terms for the goods and services to be transferred are identifiable.
- d. The contract has commercial substance.
- e. it is probable that the consideration to which the group is entitled to in exchange for the goods or services will be collected.

The Group's revenue comprises lodging services, food and beverages sales and other services incidental to lodging to third parties.

**IKEJA HOTEL PLC**  
**Notes to the Unaudited Financial Statements**  
**For the Period Ended 30 June 2023**

**6.19 Leases**

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

A contract is assessed to contain a lease if the following conditions are established:

- There is an identifiable asset in the contract.
- The customer has the right to control the use of the asset throughout the period of the lease in exchange for a consideration to the supplier.
- The customer has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use.
- The supplier does not have a substantive right to substitute the use of the asset throughout the period of use of the asset.

Where the Group is a lessee in the lease contract, the Group recognises a right of use asset and a lease liability at the inception of the contract. The right of use asset is measured using the cost model provided it:

- is not an investment property and the lessee fair values its investment properties.
- does not relate to a class of property, plant and equipment to which the lessee applies revaluation model, in which case all right-of-use assets relating to that class of property, plant and equipment can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

Where the lease is for a term of 12 months or less and containing no purchase options or the underlying asset has a low value when new such as personal computers or small items of office furniture, the Group accounts for lease payments as an expenses on a straight line basis over the term of the lease except another systematic basis is more reflective of the economic benefits obtainable from utilisation of the leased asset.

The right of use asset and the lease liability are initially measured at the present value of the lease payments payable over the lease term by discounting with the implicit rate of the lease. Where the implicit rate can not be readily determined, the Group shall apply its incremental borrowing rate.

Management has opted to exempt rental payments for its office as they are of a short term nature and not considered material. Also the Group has not entered into any lease contract where it is the lessor.

**6.20 Investment return**

Investment return comprises of dividend, interest and rent receivable, movement in amortized cost on debt securities and other loan and receivables, realized gains and losses, and unrealized gains and losses on fair value assets. Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Group's Shareholders.

**6.21 Dividend distributions**

Final dividend distributions to the company's shareholders are only recognised as a liability in the subsequent reporting period following when it has been approved by the shareholders at the Annual General Meeting.

**6.22 Unclaimed dividend**

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the Group, which have remained unclaimed by the shareholders. In compliance with Section 385 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, unclaimed dividends after twelve years are transferred to retained earnings.

**6.23 Related parties**

The Group designates an entity or a person a related party where it has identified that:

- The entity and the Group are members of the same group. Holding company and subsidiary relationship.
- The entity is a joint venture or associate of the Group or the entity is a joint venture or associate of another member of the Group.

**6.23 Related parties (continued)**

- The Group is controlled by the entity or person.
- The entity or the person has significant influence over the Group.
- The person is a key management personnel of the Group.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

The Group discloses transactions with related parties which includes the:

- The name of the related party.
- Nature of transaction with the related party.
- Amount of the transaction with the related party nature of transaction with the related party.
- Balance due from and to the related party at the end of the reporting period

The Group discloses the following information regarding key management personnel

- Short term employee benefits
- Post employment benefit

**6.24 Taxation**

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods. Income tax for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**6.25 Deferred tax**

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the

## **IKEJA HOTEL PLC**

### **Notes to the Unaudited Financial Statements**

#### **For the Period Ended 30 June 2023**

carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates where the parent company is able to control of the timing of the reversal of the temporary differences and it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in group companies.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position 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 asset to be recovered.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax authority. Current tax assets and liabilities are offset where the entity has a legal enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **6.26 Earnings per share**

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the year. Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shareholders adjusted for the bonus shares issued.

#### **6.27 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects and costs directly attributable to the issue of the instruments.

#### **6.28 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors is the chief operating decision makers and is responsible for assessing the financial performance and position of the group, and make strategic decisions. The Group identifies and segregates reportable segments based on their geographical location. These are components of the Group operating within a particular operating environment that are subject to risks and returns that are different from components operating in another economic environment.

#### **6.29 Finance income and finance costs**

##### **6.29.1 Finance income**

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in consolidated income statement using the effective interest method.

##### **6.29.2 Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

#### **6.30 Dealing in Issuers' Shares Policy**

In accordance with the Post-listing Rules of the Nigerian Stock Exchange, Ikeja Hotel Plc has in place a share dealing policy which regulates securities transactions by its Directors, Employees and other insiders on terms which are no less exacting than the required standard set out in the Nigerian Stock Exchange Rules. The Policy is to be communicated periodically to derive compliance. In respect of the period ended 30 June 2022, the Directors of Ikeja Hotel Plc hereby confirm that:

A code of conduct regarding the securities transactions by all Directors was adopted by the Company. A specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Stock Exchange, and Ikeja Hotel Plc's code of conduct regarding securities transactions by Directors

# IKEJA HOTEL PLC

## SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

For the Period Ended 30 June 2023

The Group

### 7 Cost/Valuation

At 1st January 2023

Additions

Disposal

Deconsolidated on disposal of controlling interest in subsidiary

At 30 June 2023

At 1st January 2022

Additions during the year

Disposal during the year

Deconsolidated on disposal of controlling interest in subsidiary

At 31 December 2022

#### Depreciation and impairment

At 1st January 2023

Depreciation charge during the year

Elimination on disposal

Deconsolidated on disposal of controlling interest in subsidiary

At 30 June 2023

At 1st January 2022

Depreciation charge during the year

Elimination on disposal

Derecognition of CHP

At 31 December, 2022

#### Carrying Amount

At 30 June 2023

At 31 December 2022

	Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicles	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1st January 2023	3,084,350	4,827,750	3,144,871	107,738	485,321	50,095	11,700,124
Additions	-	181,026	83,197	-	4,108	58,158	326,489
Disposal	-	-	-	-	-	-	-
Deconsolidated on disposal of controlling interest in subsidiary	-	-	-	-	-	-	-
At 30 June 2023	3,084,350	5,008,775	3,228,067	107,738	489,429	108,253	12,026,613
At 1st January 2022	12,509,150	5,828,580	5,161,459	4,000,356	469,234	268,019	28,236,798
Additions during the year	-	20,283	105,029	6,161	16,088	10,060	157,620
Disposal during the year	-	-	-	-	-	(3,700)	(3,700)
Deconsolidated on disposal of controlling interest in subsidiary	(9,424,800)	(1,021,114)	(2,121,617)	(3,898,779)	-	(224,284)	(16,690,594)
At 31 December 2022	3,084,350	4,827,750	3,144,871	107,738	485,321	50,095	11,700,124
At 1st January 2023	-	1,356,356	2,837,590	86,217	448,861	43,492	4,772,516
Depreciation charge during the year	-	105,832	84,819	1,867	16,371	11,263	220,153
Elimination on disposal	-	-	-	-	-	-	-
Deconsolidated on disposal of controlling interest in subsidiary	-	-	-	-	-	-	-
At 30 June 2023	-	1,462,188	2,922,409	88,084	465,232	54,755	4,992,669
At 1st January 2022	-	1,502,265	4,657,977	3,608,781	413,222	263,354	10,445,599
Depreciation charge during the year	-	266,222	206,768	111,991	35,639	6,530	627,150
Elimination on disposal	-	-	-	-	-	(3,494)	(3,494)
Derecognition of CHP	-	(412,131)	(2,027,155)	(3,634,555)	-	(222,898)	(6,296,739)
At 31 December, 2022	-	1,356,356	2,837,590	86,217	448,861	43,492	4,772,516
Carrying Amount							
At 30 June 2023	3,084,350	3,546,587	305,658	19,654	24,197	53,498	7,033,943
At 31 December 2022	3,084,350	3,471,394	307,281	21,521	36,460	6,603	6,927,608

### 7.1 The Company

#### Cost/Valuation

At 1st January 2023

Addition

Disposal

At 30 June 2023

At 1st January 2022

Additions during the year

Disposal during the year

Revaluation

At 31 December 2022

#### Depreciation and impairment

At 1st January 2023

Depreciation charge during the year

Elimination on disposal

At 30 June 2023

At 1st January 2022

Depreciation charge during the year

Elimination on disposal

At 31 December 2022

#### Carrying Amount

At 30 June 2023

At 31 December 2022

	Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicles	Total
At 1st January 2023	3,084,350	4,827,015	3,139,181	104,506	483,670	40,960	11,679,682
Addition	-	181,026	83,197	-	4,108	58,158	326,488
Disposal	-	-	-	-	-	-	-
At 30 June 2023	3,084,350	5,008,040	3,222,378	104,506	487,778	99,118	12,006,169
At 1st January 2022	3,084,350	4,806,732	3,034,152	98,345	467,582	34,600	11,525,761
Additions during the year	-	20,283	105,029	6,161	16,088	10,060	157,620
Disposal during the year	-	-	-	-	-	(3,700)	(3,700)
Revaluation	-	-	-	-	-	-	-
At 31 December 2022	3,084,350	4,827,015	3,139,181	104,506	483,670	40,960	11,679,682
At 1st January 2023	-	1,355,623	2,831,900	82,985	447,209	34,357	4,752,074
Depreciation charge during the year	-	105,832	84,819	1,867	16,371	11,263	220,153
Elimination on disposal	-	-	-	-	-	-	-
At 30 June 2023	-	1,461,455	2,916,719	84,852	463,580	45,620	4,972,227
At 1st January 2022	-	1,109,829	2,675,539	79,386	411,570	32,169	4,308,493
Depreciation charge during the year	-	245,794	156,361	3,599	35,639	5,682	447,076
Elimination on disposal	-	-	-	-	-	(3,494)	(3,494)
At 31 December 2022	-	1,355,623	2,831,900	82,985	447,209	34,357	4,752,074
Carrying Amount							
At 30 June 2023	3,084,350	3,546,585	305,658	19,654	24,198	53,498	7,033,943
At 31 December 2022	3,084,350	3,471,392	307,280	21,521	36,460	6,603	6,927,608

# IKEJA HOTEL PLC

Notes to the Interim Financial Statements  
For the Period Ended 30 June 2023  
Note

	Three Months Ended		Six Months Ended	
	The Group	The Company	The Group	The Company
	30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
<b>8 Investment Property</b>				
Charles Hampton Limited	-	4,630,087	-	-
Impairment of investment in Charles Hampton Limited	-	(4,630,087)	-	-
	<b>30-Jun-23 N'000</b>	<b>31-Dec-22 N'000</b>	<b>30-Jun-23 N'000</b>	<b>31-Dec-22 N'000</b>
<b>9 Capital Work in Progress</b>				
At 1 January	67,842	5,163,458	67,842	66,713
Additions during the period	-	1,129	-	1,129
Reclassification to Property plants & equipments	(1,129)	-	(1,129)	-
Deconsolidated on disposal of controlling interest in subsidiary	-	(5,096,745)	-	-
<b>Total</b>	<b>66,713</b>	<b>67,842</b>	<b>66,713</b>	<b>67,842</b>
This represents on going renovation works at the hotel				
<b>10 Intangible Asset</b>				
<b>10.1 Computer Software</b>				
Cost/Valuation				
At 1 January	40,742	299,648	40,742	37,453
Deconsolidated on disposal of controlling interest in subsidiary	-	(262,195)	-	-
Additions for the year	3,464	3,289	3,464	3,289
<b>Total</b>	<b>44,206</b>	<b>40,742</b>	<b>44,206</b>	<b>40,742</b>
<b>Amortization</b>				
At 1 January	22,413	265,167	22,413	20,515
Deconsolidated on disposal of controlling interest in subsidiary	-	(255,261)	-	-
Charge for the period	1,473	12,507	1,473	1,898
<b>Total</b>	<b>23,886</b>	<b>22,413</b>	<b>23,886</b>	<b>22,413</b>
	<b>20,319</b>	<b>18,329</b>	<b>20,319</b>	<b>18,329</b>
<b>10.2 Goodwill</b>				
At 1 January	-	4,452,668	-	-
Eliminated on disposal of controlling interest in subsidiary***	-	(4,454,500)	-	-
Reclassification to capital reserve****	-	1,832	-	-
	<b>20,319</b>	<b>18,329</b>	<b>20,319</b>	<b>18,329</b>
<b>10.3 Carrying Value</b>				
	<b>20,319</b>	<b>18,329</b>	<b>20,319</b>	<b>18,329</b>

\*\*\*Carrying amount of goodwill arising on the consolidation of Capital Hotels Plc eliminated following the disposal of controlling interest in the subsidiary. The eliminated goodwill is included in the components applied in the determination of profit or loss on disposal of controlling interest by the group in the

\*\*\*\*Reclassification to capital reserve represents net bargain purchase arising from the consolidation of Has Gremlin Limited and Charles Hampton & Company Limited.

	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000
<b>11 Revenue</b>								
Rooms	1,614,162	1,983,877	1,614,162	1,174,187	2,883,779	3,904,043	2,883,779	2,487,254
Food & Beverage	854,670	1,305,769	854,670	647,255	1,442,594	2,439,834	1,442,594	1,269,754
Minor Operating Departments	15,965	131,311	15,965	12,253	33,678	277,946	33,678	25,727
Miscellaneous Income	26,226	150,657	26,227	150,657	207,932	270,500	207,932	232,811
<b>Total</b>	<b>2,511,024</b>	<b>3,571,615</b>	<b>2,511,024</b>	<b>1,984,352</b>	<b>4,567,983</b>	<b>6,892,323</b>	<b>4,567,983</b>	<b>4,015,547</b>
<b>12 Cost of Sales</b>								
Rooms	280,251	401,140	280,251	183,140	574,245	694,527	574,245	353,162
Food & Beverage	486,125	697,527	486,125	396,912	936,678	1,300,027	936,678	736,441
Minor Operating Departments	10,718	38,841	10,718	8,274	43,778	98,541	43,778	17,571
Administrative & General	335,308	727,170	335,308	532,797	638,724	1,245,199	638,724	832,873
Info & Telecom System	42,214	44,513	42,214	27,694	83,447	116,292	83,447	62,040
Property Operations & Maintenance	150,717	263,946	150,717	92,486	283,969	506,727	283,969	197,179
Utilities	245,883	626,406	245,883	280,116	496,768	1,101,050	496,768	470,182
<b>Total</b>	<b>1,551,215</b>	<b>2,799,544</b>	<b>1,551,215</b>	<b>1,521,420</b>	<b>3,057,608</b>	<b>5,062,363</b>	<b>3,057,608</b>	<b>2,669,448</b>
	<b>30-Jun-23 N'000</b>	<b>30-Jun-22 N'000</b>	<b>30-Jun-23 N'000</b>	<b>30-Jun-22 N'000</b>	<b>30-Jun-23 N'000</b>	<b>30-Jun-22 N'000</b>	<b>30-Jun-23 N'000</b>	<b>30-Jun-22 N'000</b>
<b>13 Other Income</b>	<b>68,697</b>	<b>28,846</b>	<b>67,042</b>	<b>3,030</b>	<b>127,606</b>	<b>46,606</b>	<b>124,342</b>	<b>4,644</b>

# IKEJA HOTEL PLC

	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000
14 Finance Income	177,749	823	78,174	1,159	267,548	1,934	81,175	1,934
	<b>The Group</b>		<b>The Company</b>		<b>The Group</b>		<b>The Company</b>	
	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000	30-Jun-23 N'000	30-Jun-22 N'000
15 Administrative Expenses	322,572	297,098	294,494	78,328	608,088	882,564	519,034	479,900
16 Sales & Marketing Expenses	86,345	186,035	86,345	75,406	166,690	259,525	166,690	148,896
17 Finance Cost	295,852	268,737	295,852	268,401	589,844	536,137	589,844	536,137
	Interest expense represents charges paid and/or payable on loans.							
18 Trade Receivables					30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
Trade Receivables					1,367,708	919,863	1,365,224	919,863
Allowances for Impairment Losses					(56,607)	(56,259)	(56,607)	(56,259)
<b>Total</b>					<b>1,311,101</b>	<b>863,604</b>	<b>1,308,617</b>	<b>863,604</b>
19 Other Assets					30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
Prepayments (Note: 19.1)					162,396	123,399	162,396	123,399
Withholding tax receivables					612,069	525,625	612,069	525,625
Advances to Suppliers					88,542	223,056	88,542	220,762
<b>Total</b>					<b>863,008</b>	<b>872,080</b>	<b>863,008</b>	<b>869,787</b>
					<b>The Group</b>		<b>The Company</b>	
					30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
19.1 Analysis of Prepayments					5,923	3,249	5,923	3,249
Prepaid Rent					21,957	-	21,957	-
Prepaid Maintenance					8,037	14,078	8,037	14,078
Prepaid Dues and Subscription					61,948	94,685	61,948	94,685
Prepaid Insurance					43,935	-	43,935	-
Staff benefits					20,597	11,387	20,597	11,387
Prepaid - Others					<b>162,396</b>	<b>123,399</b>	<b>162,396</b>	<b>123,399</b>
<b>Total</b>								
20 Inventories					30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
Food and Beverage					225,797	67,951	225,797	67,951
Operating supplies					-	155,654	-	155,654
Inventory WIP					-	472,979	-	-
Allowance for impairment					-	(472,979)	-	-
<b>Total</b>					<b>225,797</b>	<b>223,605</b>	<b>225,797</b>	<b>223,605</b>
21 Loan to related party					30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
At 1 January					9,952,308	9,409,927	9,952,308	9,409,927
Interest Capitalised					-	-	-	-
Amount received					-	-	-	-
Exchange Revaluation					-	542,381	-	542,381
<b>Total</b>					<b>9,952,308</b>	<b>9,952,308</b>	<b>9,952,308</b>	<b>9,952,308</b>
	Loans and receivable relate to receivable from the Tourist Company of Nig. Plc							
22 Due from Related Party					30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
Hans-Gremlin (Nigera) Ltd.					-	-	825	379,615
AVI					31,122	31,122	-	-
GMI & Co					113,188	113,188	-	-
Felfan					59,074	59,074	-	-
Charles Hampton					-	-	267,617	264,123
					203,384	203,384	268,442	643,738
Impairment allowance (22.1)					(203,384)	(203,384)	-	-
<b>Total</b>					<b>-</b>	<b>-</b>	<b>268,442</b>	<b>643,738</b>
	Impairment allowance represent balances without movement for the past three years							
23 Cash & Cash Equivalents					30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
Cash in Hand					4,832	2,440	4,832	2,440
Cash at Bank					6,509,932	5,347,224	6,477,405	5,334,990
					6,514,763	5,349,664	6,482,236	5,337,430
Time Deposits					5,370,823	3,256,060	234,498	157,324
<b>Total</b>					<b>11,885,586</b>	<b>8,605,724</b>	<b>6,716,735</b>	<b>5,494,754</b>

# IKEJA HOTEL PLC

	The Group		The Company	
	30-Jun-23 N'000	31-Dec-22 N'000	30-Jun-23 N'000	31-Dec-22 N'000
<b>24 Deferred Income</b>	<b>9,135,971</b>	<b>8,742,793</b>	<b>8,993,715</b>	<b>8,600,538</b>
At 1 January	8,742,793	8,241,618	8,600,538	8,062,665
Deconsolidated on disposal of controlling interest in subsidiary	-	(36,698)	-	-
Interest and Exchange difference capitalised	395,432	542,381	395,432	542,381
Amortised to rental income	(2,255)	(4,508)	(2,255)	(4,508)
At 30 June	<u>9,135,971</u>	<u>8,742,793</u>	<u>8,993,715</u>	<u>8,600,538</u>
<b>24.1 Deferred income comprise</b>				
Ikeja Hotel Plc	8,993,715	8,600,538	8,993,715	8,600,538
Charles Hampton & Company Limited	142,255	142,255	-	-
	<u>9,135,971</u>	<u>8,742,793</u>	<u>8,993,715</u>	<u>8,600,538</u>
<b>25 Trade and Other Payables</b>	<b>9,135,971</b>	<b>8,742,793</b>	<b>8,993,715</b>	<b>8,600,538</b>
Trade Payables	918,837	781,599	621,758	484,634
Accrued Expenses	972,286	996,148	891,859	908,492
Capital Hotels Plc	-	377,448	-	377,448
Advance Deposit	258,424	174,424	141,186	57,185
Service Charge Distribution	61,476	65,431	61,476	65,431
VAT Payables	57,982	45,647	57,982	45,647
Unclaimed Dividend	65,867	65,867	65,867	65,867
<b>Total</b>	<b>2,334,872</b>	<b>2,506,564</b>	<b>1,840,128</b>	<b>2,004,704</b>
<b>26 Deposit for Shares</b>	<b>93,600</b>	<b>93,600</b>	<b>93,600</b>	<b>93,600</b>
<b>27 Due to Related Parties</b>	<b>10,477,277</b>	<b>9,888,824</b>	<b>11,250,383</b>	<b>10,668,541</b>
IHL Services limited	-	-	773,106	779,717
Alurum investment Ltd/Omamo Trust Limited	5,165,051	4,874,957	5,165,051	4,874,957
Minabo Limited	3,020,938	2,851,268	3,020,938	2,851,268
AVI Services/G. M. Ibru	2,291,288	2,162,599	2,291,288	2,162,599
<b>Total</b>	<b>10,477,277</b>	<b>9,888,824</b>	<b>11,250,383</b>	<b>10,668,541</b>
<b>28 Dividend Payable</b>	<b>16,691</b>	<b>105,960</b>	<b>16,691</b>	<b>16,691</b>
At 1, January	16,691	105,960	16,691	16,691
Deconsolidated on disposal of controlling interest in subsidiary	-	(89,269)	-	-
<b>Total</b>	<b>16,691</b>	<b>16,691</b>	<b>16,691</b>	<b>16,691</b>
<b>29.1 Current Tax Payable</b>	<b>246,227</b>	<b>139,511</b>	<b>227,357</b>	<b>120,902</b>
At 1 January	139,511	637,348	120,902	23,215
Deconsolidated on disposal of controlling interest in subsidiary	-	(595,524)	-	-
Payment in the year	(36,651)	(104,134)	(36,651)	(104,134)
Charge for the year (Note 29.3)	143,367	120,902	143,105	120,902
(Over)/under provision	-	80,919	-	80,919
<b>Total</b>	<b>246,227</b>	<b>139,511</b>	<b>227,357</b>	<b>120,902</b>
The charge for taxation has been computed in accordance with the provisions of the companies income tax Act CAP C21,LFN 2004 and the Education Tax, CAP E4, LFN 2004 as amended				
<b>29.2 Deferred Taxation</b>	<b>159,133</b>	<b>159,133</b>	<b>159,133</b>	<b>159,133</b>
At January	159,133	758,146	159,133	(220,392)
Deconsolidated on disposal of controlling interest in subsidiary	-	(978,538)	-	-
Write back/Charge in the period	-	379,525	-	379,525
<b>Total</b>	<b>159,133</b>	<b>159,133</b>	<b>159,133</b>	<b>159,133</b>
<b>29.3 Current Tax Charges</b>	<b>143,367</b>	<b>90,189</b>	<b>143,105</b>	<b>79,603</b>
Income Tax	143,367	70,664	143,105	60,078
Education Tax	-	-	-	-
Police Trust Fund	-	-	-	-
Prior year (Over)/ under Provision	-	19,525	-	19,525
	<u>143,367</u>	<u>90,189</u>	<u>143,105</u>	<u>79,603</u>
Deferred Taxation	-	-	-	-
Income Statement	<u>143,367</u>	<u>90,189</u>	<u>143,105</u>	<u>79,603</u>
Tax Payable/Deferred Tax				
The Company has adopted the IFRS 12 - Income Taxes, Deferred Taxation which is computed using the liability method				

# IKEJA HOTEL PLC

## 30. Retirement benefit obligation

- i The Company complies with the provisions of the Pension Reform Act 2014 whereby both employer and employees contributed 10% and 8% each of employee gross emolument on monthly basis. Both employer and employee contributions are remitted monthly to the employees' chosen Pension Fund Administrators (PFA). Employer contribution has been charged to the statement of profit or
- ii Under the defined benefit's scheme member's past service benefits have been assessed using the Projected Unit Credit Method (PUCM). This method calculates the actuarial liability (staff gratuity benefits and long service grants) as the discounted value of the benefits that have accrued over the past period of membership of the beneficiaries. In determining this value allowance is made for any future expected inflationary growth of the on-going benefits up

Defined contribution plan (Note 30.1)  
Defined benefit plan (Note 30.2)

The Group		The Company	
30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
N'000	N'000	N'000	N'000
-	-	-	-
<b>714,553</b>	<b>533,726</b>	<b>713,919</b>	<b>533,726</b>
<b>714,553</b>	<b>533,726</b>	<b>713,919</b>	<b>533,726</b>

## 30.1 Defined contribution plan

At 1 January  
Contribution in the year  
Remittance during the year

-	-	-	-
-	49,954	-	48,820
-	(49,954)	-	(48,820)
-	-	-	-

## 30.2 The defined benefit plan is further analysed into:

Active plan  
Terminated plan

668,156	487,328	667,521	487,328
46,398	46,398	46,398	46,398
<b>714,553</b>	<b>533,726</b>	<b>713,919</b>	<b>533,726</b>

## 30.3 Active Plan

At 1, January  
Current Service Cost & Interest  
Interest Cost  
Payment in the period  
Re-measurement gains/losses

30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
N'000	N'000	N'000	N'000
487,328	387,976	487,328	387,976
180,828	42,243	180,194	42,243
-	53,806	-	53,806
-	(26,639)	-	(26,639)
-	29,942	-	29,942
<b>668,156</b>	<b>487,328</b>	<b>667,521</b>	<b>487,328</b>

Present value of defined benefit obligation

668,156	487,328	667,521	487,328
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The terminated obligations is in respect of the gratuity scheme which have been discontinued based on agreements with the Group's workers union. Settlements of the outstanding balances at termination are made in accordance with terms contained in the agreement with the

## 31 Share Capital

### 31.1 Authorised

4,000,000,000 Ordinary shares of 50 kobo each

30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
N'000	N'000	N'000	N'000
<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

### 31.2 Issued and fully paid

At 1 January

**Number:** 2,078,796,399 ordinary shares of 50 kobo each

30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
N'000	N'000	N'000	N'000
1,039,398	1,039,398	1,039,398	1,039,398
<b>1,039,398</b>	<b>1,039,398</b>	<b>1,039,398</b>	<b>1,039,398</b>

## 32 Share Premium Reserve

At 1 January

30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
N'000	N'000	N'000	N'000
1,381,072	1,381,072	1,381,072	1,381,072
<b>1,381,072</b>	<b>1,381,072</b>	<b>1,381,072</b>	<b>1,381,072</b>

## 33 Retained Earnings

At 1 January  
Transfer from profit & loss account  
Reclassified from revaluation reserve  
Re-measurement gain/(loss) on defined benefit plan  
At 30 June

30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
N'000	N'000	N'000	N'000
5,551,514	6,413,223	5,686,510	5,448,269
362,427	(3,953,566)	297,218	268,183
-	3,121,799	-	-
-	(29,942)	-	(29,942)
<b>5,913,941</b>	<b>5,551,514</b>	<b>5,983,728</b>	<b>5,686,510</b>

## 34 Non-controlling interest

At 1 January  
Share of profit/(Loss)  
NCI at date of disposal of controlling interest in subsidiary

30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
N'000	N'000	N'000	N'000
(190,903)	8,806,428	-	-
35,112	14,769	-	-
(155,791)	8,821,197	-	-



# IKEJA HOTEL PLC

NCI attributable to Capital Hotels Plc  
derecognised on disposal of controlling interest  
At 30 June

-	(9,012,100)	-	-
<b>(155,791)</b>	<b>(190,903)</b>	-	-

## 35 Investment in Subsidiary

Charles Hampton Limited  
IHLS Limited  
Hans Gremlin Nigeria Limited

	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	N'000	N'000	N'000	N'000
-	-	-	3,499	3,499
-	-	-	100	100
-	-	-	<b>4,440,919</b>	<b>4,440,919</b>
-	-	-	<b>4,444,518</b>	<b>4,444,518</b>

The Company holds 75% of the issued share capital of Hans Gremlin Nigeria Limited, a special purpose vehicle used in acquiring 51% of the issued share capital of Capital Hotels Plc. Therefore, Ikeja Hotel Plc's indirect interest in the net assets of Capital Hotels Plc was 38.25% while the remaining 61.75% was attributable

Hans Gremlin Limited disposed total controlling interest in Capital Hotels Plc to 22 Hospitality Limited with effect from February 2023. Consequently, Capital Hotels Plc ceased to be a subsidiary of Hans Gremlin Limited and sub-subsidiary of Ikeja Hotel Plc with effect

## 36 Investment Accounted for Using Equity Method

At 1 January  
Accumulated share of loss in associate company

	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	N'000	N'000	N'000	N'000
-	-	798,722	798,722	798,722
-	-	(798,722)	-	-
-	-	-	<b>798,722</b>	<b>798,722</b>

Investment relates to 273,529,085 units of stock in the Tourist Company of Nigeria Plc.

## 37 Financial investment

Disposal

	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	N'000	N'000	N'000	N'000
2,332,655	2,332,655	-	-	-
<b>(2,332,655)</b>	-	-	-	-
-	2,332,655	-	-	-

Equity investments represents the fair value of the residual interest of the Group in its former subsidiary, Capital Hotels Plc after disposal of significant interests resulting in loss of control. The residual interest is recognised at fair value on initial recognition and subsequent measurement shall be at fair value through profit or loss. The fair value is based on the agreed consideration paid by the buyer to acquire the interest in Capital Hotels Plc. Consequently, the total interest in Capital Hotel Plc has been disposed to 22 Hospitality Ltd in

## 38 Revaluation reserve

### Analysis of revaluation reserve:

Gross amount  
Amount attributable to NCI included in the carrying amount of NCI\*\*  
Attributable to the parent company  
\*\*\*Reclassified to retained earnings on disposal of controlling interest in subsidiary:

	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	N'000	N'000	N'000	N'000
-	-	8,161,567	-	-
-	-	(5,039,768)	-	-
-	-	3,121,799	-	-
-	-	<b>(3,121,799)</b>	-	-
-	-	-	-	-

The revaluation surplus arose from the valuation of land in Capital Hotels Plc (Note

\*\*The higher amount attributable to NCI reflects their higher interest in the net assets of Capital Hotels Plc (Note 11).

\*\*\*Reclassification is effected following the cessation of Capital Hotels Plc as a subsidiary of the Group during the year.

**COMPANY NAME:** Ikeja Hotel Plc  
**BOARD LISTED:** Main Board  
**PERIOD END:** June  
**REPORTING PERIOD:** Period Ended 30 June, 2023  
**SHARE PRICE AT THE END OF REPORTING PERIOD:** N3.99(2022: N1.21)

**Shareholding Structure/Free Float Status**

Description	30-Jun-23		30-Jun-22	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	2,078,796,399	100	2,078,796,399	100
<b>Substantial Shareholdings (5% and Above)</b>				
Oma Investments Limited	544,536,537.00	26.2%	544,536,537.00	26.2%
Wagmest Nigeria Limited	180,148,768.00	8.7%	180,148,768.00	8.7%
RFC Limited	152,410,464.00	7.3%	152,410,464.00	7.3%
Alurum Investment Limited	112,914,212.00	5.4%	112,914,212.00	5.4%
Associated Ventures Limited	155,183,927.00	7.5%	155,183,927.00	7.5%
Dr. Obafoluke Otudeko (Direct & Indirect)	105,840,000.00	5.1%	105,840,000.00	5.1%
Total Substantial Shareholdings	1,251,033,908.00	60.2%	1,251,033,908	60.2%
<b>Directors' Shareholdings (Direct and Indirect), Excluding Directors with Substantial interest</b>				
Dr. Alexander Thomopoulos	1,869,205	0.1%	1,869,205	0.1%
Mr. Kunle Aluko (Aluko Moses)	60,000	0.0%	60,000	0.0%
Total Directors Shareholdings	1,929,205	0.1%	1,929,205	0.1%
Other Influential Shareholdings	-		-	
Free float in Units and Percentage	825,833,286.00	39.7%	825,833,286.00	39.7%
Free Float in Value		3,295,074,811.14		999,258,276.06
<b>Declaration:</b>				
A) Ikeja Hotel Plc with a free float percentage of 39.7% and value of <b>N3,295,074,811.14</b> as at 30 June 2023, is Compliant with the Exchange's free float requirements for companies listed on the Main Board.				
B) Ikeja Hotel Plc with a free float value of <b>N999,258,276.06</b> and percentage of 39.7% as at 30 June 2022, is Compliant with the Exchange's free float requirements for companies listed on the Main Board.				

<b>UNAUDITED RESULT FOR SIX MONTHS</b>			
<b>ENDED 30 JUNE 2023</b>			
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>%</b>
	<b>=N='000</b>	<b>=N='000</b>	<b>Change</b>
<b>TURNOVER</b>	<b>4,567,983</b>	<b>6,892,323</b>	<b>(34)</b>
<b>OPERATING PROFIT</b>	<b>863,203</b>	<b>744,870</b>	<b>16</b>
<b>FINANCE CHARGES</b>	<b>(589,844)</b>	<b>(536,137)</b>	<b>10</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>540,907</b>	<b>210,668</b>	<b>157</b>
<b>TAXATION</b>	<b>(143,367)</b>	<b>(90,189)</b>	<b>59</b>
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>397,540</b>	<b>120,478</b>	<b>230</b>