

IKEJA HOTEL PLC

**CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013**

IKEJA HOTEL PLC

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IKEJA HOTEL PLC

We have audited the accompanying consolidated financial statements of **Ikeja Hotel Plc ("the Company")** and **its subsidiaries (together, "the Group")**, set out on pages 2 to 36 which comprise the consolidated statement of financial position at 31 December 2013, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and the related notes to the consolidated financial statements, summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Nigerian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of **Ikeja Hotel Plc and its subsidiaries** at 31 December 2013, and of their financial performance and cash flows for the year then ended; in accordance with the Companies and Allied Matters Act CAP C20, LFN 2004 and in the manner required by the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act 6, 2011.

The Company and its subsidiaries have kept proper books of account, which are in agreement with the consolidated statement of financial position and consolidated statement of comprehensive income as it appears from our examination of their records.

Olatunji Ogundeyin, FCA, FRC/2013/ICAN/02224

For: **PKF Professional Services**

Chartered Accountants

Lagos, Nigeria

Date:

IKEJA HOTEL PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

		The Group		The Company	
		31-Dec 2013 N'000	31-Dec 2012 N'000	31-Dec 2013 N'000	31-Dec 2012 N'000
Notes					
Non current assets					
Property, plant and equipment	6	5,633,581	5,331,498	4,005,936	3,910,771
Capital work in progress	7	1,255,194	850,400	884,423	386,285
Intangible asset	8	16,055	18,062	8,876	9,985
Investment in subsidiary	9	-	-	4,440,919	4,440,919
Investments accounted for using the equity method	10	780,454	785,065	798,722	798,722
Loans and receivables	11	1,957,340	1,864,974	1,957,340	1,864,974
Due from related party	12	-	-	483,730	481,642
Total non-current assets		9,642,624	8,849,999	12,579,946	11,893,298
Current assets					
Inventories	13	428,327	482,610	231,263	264,223
Trade and other receivables	14	945,830	1,680,556	638,243	684,141
Other assets	15	1,478,208	1,076,689	1,029,824	687,961
Cash and cash equivalents	16	4,970,704	4,184,336	2,662,089	2,246,461
Total current assets		7,823,069	7,424,191	4,561,419	3,882,786
Total assets		17,465,693	16,274,190	17,141,365	15,776,084
Equity					
Share capital	26	1,039,398	1,039,398	1,039,398	1,039,398
Share premium reserve	27	1,381,072	1,381,072	1,381,072	1,381,072
Retained earnings	28	1,794,983	384,895	4,950,216	4,038,756
Total equity attributable to equity shareholders of the Company		4,215,453	2,805,365	7,370,686	6,459,226
Non controlling interest	29	1,537,632	1,598,484	-	-
Total equity		5,753,085	4,403,849	7,370,686	6,459,226
Non current liabilities:					
Due to related parties	20	3,600,424	3,735,567	5,349,269	4,930,430
Employee benefits	24.2	3,013,702	3,464,951	1,412,503	1,375,920
Deferred tax	22	404,504	353,320	185,552	157,345
Total Non current liabilities		7,018,630	7,553,838	6,947,324	6,463,695
Current liabilities:					
Trade and other payables	17	2,319,378	2,099,430	760,894	931,158
Deferred income	18	1,187,170	1,072,596	1,138,549	1,045,342
Dividend payable	19	43,436	17,520	16,691	16,691
Borrowings	25	-	7,365	-	7,365
Bank overdraft		1,551	140,476	1,551	140,476
Current tax payable	21	1,142,443	979,116	905,671	712,131
Total current liabilities		4,693,978	4,316,503	2,823,356	2,853,163
Total liabilities		11,712,608	11,870,341	9,770,679	9,316,858
Total equity and liabilities		17,465,693	16,274,190	17,141,365	15,776,084
		0		(0)	

These consolidated financial statements on pages 2 to 36 were approved by the Board of Directors on _____ 2014 and signed on its behalf by:

Mr. Goodie M. Ibru, OON
Chairman
FRC/2013/NIM/00000003510

Mr. Yakubu A. Disu
Director
FRC/2013/NIM/00000004982

Mr. Theophilus E. Netufo
Chief Operating Officer
FRC/2013/ICAN/00000004775

The accompanying explanatory notes on pages 6 to 33 form an integral part of these consolidated financial statements.

IKEJA HOTEL PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	The Group		The Company	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
Revenue	33	11,223,700	11,263,224	6,505,108	6,944,383
Cost of sales	33	(6,804,055)	(5,558,135)	(3,106,636)	(2,626,488)
Gross operating profit		4,419,645	5,705,089	3,398,472	4,317,895
Other income	30	511,473	26,859	119,678	60,572
Sales and marketing expenses		(305,646)	(307,539)	(305,646)	(215,773)
Administration and general expenses	32	(2,562,540)	(2,458,509)	(1,434,695)	(1,584,147)
Result from operating activities		2,062,932	2,965,900	1,777,809	2,578,547
Net finance costs	31	(431,281)	(341,977)	(431,281)	(393,677)
Share of loss of in investment accounted for using the equity method		(4,611)	(13,657)	-	-
Profit before taxation		1,627,040	2,610,266	1,346,528	2,184,870
Current tax expense	23	(581,051)	(844,308)	(441,970)	(650,863)
Deferred tax (expense)/write back	23	(51,183)	250,372	(28,207)	194,474
Profit for the year from continuing operations		994,806	2,016,330	876,352	1,728,481
Profit attributable to:					
Owners of the parent		1,029,742	1,987,769	-	-
Non controlling interest		(34,936)	28,561	-	-
Profit for the year		994,806	2,016,330	876,352	1,728,481
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain/(loss)	28	380,347	(655,023)	35,108	(328,721)
Other comprehensive income/(loss) for the year		380,347	(655,023)	35,108	(328,721)
Total comprehensive income/(loss) for the year		1,375,153	1,361,307	911,460	1,399,760
Total comprehensive income for the year attributable to:					
Equity holders of the parent		1,124,687	1,534,237	-	-
Non controlling interest		250,466	(172,930)	-	-
		1,375,153	1,361,307	911,460	1,399,760
Earnings per share (Kobo)	35	47.85	97.00	42.16	83.15

The accompanying explanatory notes on pages 6 to 33 form an integral part of these consolidated statement of comprehensive income.

IKEJA HOTEL PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

Attributable to equity holders of the Company	The Group						The Company			
	Issued share capital	Share premium	Retained earnings	Total	Non controlling interest	Total equity	Issued share capital	Share premium	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2012	1,039,398	1,381,072	(947,852)	1,472,618	1,636,301	3,108,919	1,039,398	1,381,072	2,638,996	5,059,466
Changes in equity for 2012:										
Profit for the year	-	-	1,987,769	1,987,769	28,561	2,016,330	-	-	1,728,481	1,728,481
Items that will not be reclassified subsequent to profit or loss										
Actuarial loss on defined benefit plans	-	-	(655,023)	(655,023)	-	(655,023)	-	-	(328,721)	(328,721)
Total comprehensive income for the year	-	-	1,332,746	1,332,746	28,561	1,361,307	-	-	1,399,760	1,399,760
Dividends declared during the year	-	-	-	-	(66,378)	(66,378)	-	-	-	-
Contributions by and to owners of the business	-	-	-	-	(66,378)	(66,378)	-	-	-	-
At 31 December 2012	1,039,398	1,381,072	384,894	2,805,364	1,598,484	4,403,848	1,039,398	1,381,072	4,038,756	6,459,226

Attributable to equity holders of the Company	The Group						The Company			
	Issued share capital	Share premium	Retained earnings	Total	Non controlling interest	Total equity	Issued share capital	Share premium	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 31 December 2012	1,039,398	1,381,072	384,894	2,805,364	1,598,484	4,403,848	1,039,398	1,381,072	4,038,756	6,459,226
Changes in equity for 2013:										
Profit for the year	-	-	1,029,742	1,029,742	(34,936)	994,806	-	-	876,352	876,352
Items that will not be reclassified subsequent to profit or loss										
Actuarial gain	-	-	380,347	380,347	-	380,347	-	-	35,108	35,108
Total comprehensive income for the year	-	-	1,410,089	1,410,089	(34,936)	1,375,153	-	-	911,460	911,460
Dividends declared during the year	-	-	-	-	(25,916)	(25,916)	-	-	-	-
Contributions by and to owners of the business	-	-	-	-	(25,916)	(25,916)	-	-	-	-
At 31 December 2013	1,039,398	1,381,072	1,794,983	4,215,453	1,537,632	5,753,085	1,039,398	1,381,072	4,950,216	7,370,686

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	The Group		The Company	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
Profit after tax		1,375,153	1,361,307	911,460	1,399,760
Adjustment for:					
Depreciation of property, plant and equipment	6	404,903	356,879	135,529	124,823
Amortisation of intangible asset	8	2,007	2,007	1,109	1,109
Share of loss in investment accounted for using the equity method		4,611	13,657	-	-
Finance costs	31	431,281	393,858	438,646	393,858
Impairment losses written back	14	(22,287)	-	-	-
Impairment loss in the year	7	93,344	-	-	-
Dividend received		-	-	-	(37,442)
Finance income		-	(51,881)	-	(181)
Post employment benefits		(451,249)	(188,438)	36,583	(230,587)
Income tax expense	23	632,234	593,936	470,177	456,389
Net cash from operating activities before changes in working capital		2,469,997	2,481,325	1,993,504	2,107,729
Changes in:					
Inventories		54,283	(44,817)	32,960	(26,159)
Trade and other receivables		734,726	607,309	45,898	146,640
Other assets		(401,519)	(110,861)	(341,863)	47,994
Loans and receivables		(92,366)	(78,170)	(92,366)	(78,170)
Due from related parties		-	-	(2,088)	(300)
Trade and other payables		242,234	(273,474)	(170,265)	(122,080)
Deferred income		114,574	66,044	93,207	88,809
Due to related parties		(135,143)	399,626	418,839	589,047
Cash generated from operating activities		2,986,786	3,046,982	1,977,826	2,753,510
Income tax paid	21	(417,724)	(658,113)	(248,430)	(432,376)
Net cash from operating activities		2,569,062	2,388,869	1,729,396	2,321,134
Cash flows from investing activities					
Purchase of property plant and equipment	6	(706,986)	(505,692)	(230,694)	(325,711)
Purchase of intangible assets	8	-	(20,069)	-	(11,094)
Additions to capital work in progress	7	(498,138)	(225,138)	(498,138)	(225,138)
Finance income		-	51,881	-	181
Dividend received		-	-	-	37,442
Net cash used in investing activities		(1,205,124)	(699,018)	(728,832)	(524,320)
Cash flows from financing activities					
Written off/repayment of term loan		(7,365)	(10,177)	(7,365)	(10,177)
Finance costs	31	(431,281)	(393,858)	(438,646)	(393,858)
Dividend paid	19	-	(71,165)	-	(5,616)
Net cash used in financing activities		(438,646)	(475,200)	(446,011)	(409,651)
Net increase in cash and cash equivalents		925,293	1,214,650	554,553	1,387,163
Cash and cash equivalents at the beginning of the year		4,043,860	2,829,210	2,105,985	718,822
Cash and cash equivalents at the end of the year	34	4,969,153	4,043,860	2,660,538	2,105,985

The accompanying explanatory notes on pages 6 to 33 form an integral part of these consolidated statement of cash flows.

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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, a special purpose vehicle which holds 51% of the ordinary shares in Capital Hotels Plc.

1.2 The Company

These financial statements comprise the consolidated financial statements of Ikeja Hotel Plc., formerly Properties Development Limited, was incorporated on 18 November, 1972. It owns the Sheraton Lagos Hotel, a core investor in Hans Gremlin Nigeria Limited and a shareholder in the Tourist Company of Nigeria Plc. (Owners of Federal Palace Hotel & Casino, Lagos).

The Hotel is managed and operated by Starwood Eame License and Services Company BVBA under an agreement dated 31 October 1980, renewed 1 April 2008.

1.3 Corporate office

The registered office of the company is at 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 a business centre,advisory and consultancy services to undertakes advisory management on all type of businesses.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

The consolidated financial statements for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprise of the consolidated statement of financial position,consolidated statements of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes to the consolidated financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention except for financial instruments measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate the group's financial statements presents the financial position and results fairly.

2.3 Functional and presentation currency

The consolidated financial statements are presented in naira, which is the group's 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.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December, 2013.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Below are the new and amended International Financial Reporting Standards and International Accounting Standards which have not been early adopted by the Group and that might affect future reporting periods, on the assumption that the Group will continue with its current activities.

a) IFRS 9 Financial instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets. At the IASB's July 2011 meeting, the IASB decided to postpone the mandatory application of IFRS 9 to annual periods beginning on or after 1 January 2015 with early application still permitted.

b Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is applicable to annual periods beginning on or after 1 January 2014.

c Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is applicable to annual periods beginning on or after 1 January 2014.

d Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The amendment is applicable to annual periods beginning on or after 1 January 2014.

e Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendment is applicable to annual periods beginning on or after 1 January 2014.

f IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The amendment is applicable to annual periods beginning on or after 1 January 2014.

g IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard had no material impact on the group.

h Amendment to IAS 1, 'Financial statement presentation'

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment affected presentation only and had no impact on the Group's financial position or performance. The group has reclassified comprehensive income items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2.5 Critical judgment in applying the Group's accounting policies

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change if the change affects that period only or in the period of change and future period, if the change affects both the estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial are stated below:

- a. Impairment of available-for-sale equity financial assets
- b. Estimated useful lives of assets
- c. Allowances for doubtful accounts
- d. Provision for obsolete stock
- e. Estimation of residual value of property, plant and equipment

3. Summary of significant accounting policies

The following are summary of significant accounting policies adopted by the company and its subsidiaries in the preparation of its consolidated financial statements:

3.1 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.

3.2 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 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.

3.3 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.

3.4 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3.5 Business combinations and goodwill

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.6 Intangible assets

3.6.1 Intangible assets acquired separately

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

Amortization is charged to income statement on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in income statement. Intangible assets with an indefinite useful life are tested for impairment annually.

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

3.6.2 Intangible assets generated internally

Expenditures on research or on the research phase of an internal project are recognized as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognized 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

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

3.7 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.

3.7.1 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.

3.7.2 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.

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3.7.3 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:

Asset class	No of years
Freehold land	NIL
Building	5 years
Hotel equipment	20 years
Office equipment	10 years
Computer equipment	33.3 years
Motor vehicles	33.3 years

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

3.7.4 Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement as operating income.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

3.7.5 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.

3.8 Financial instruments

Financial instruments carried at statement of financial position date include available for sale assets, loans and receivables, cash and cash equivalents and borrowings. Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. The various classifications of financial instruments, their measurement subsequent to initial recognition, reclassifications and derecognition are described as follows:

3.8.1 Financial assets

The Group classifies its financial assets into the following categories:

a Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling them in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

b Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

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c. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income'. In the case of an impairment, it is been reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

d. Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

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.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets 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.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established. Both are included in the investment income line.

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.

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.

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3.8.2 Impairment of financial assets

a) Financial assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Objective evidence that a financial asset or Group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- . Significant financial difficulty of the issuer or debtor;
 - . A breach of contract, such as a default or delinquency in payments;
 - . It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a Group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group:

- i) adverse changes in the payment status of issuers or debtors in the Group; or
- ii) national or local economic conditions that correlate with defaults on the asset of the Group

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

b) Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement on equity instruments) are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed through the income statement.

3.8.3 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.

a) 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.

3.8.4 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.

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3.8.5 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

3.8.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.8.7 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.

3.8.8 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.

3.9 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.

3.9.1 Reversals

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.

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.

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3.10 Amortisation

Amortisation is calculated over the cost of the asset or its deemed cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, 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:

Asset class	No of years
Computer software	10

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

3.11 Employee benefits

3.11.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to 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 12 months after the end of the period in which the employees render the service are discounted to their present value. In relation to the defined contribution plan, the Group has in place the Pension fund scheme.

3.11.2 Pension fund scheme

In accordance with the provisions of the Pension Reform Act, 2004 the Group has instituted a Contributory Pension Scheme for its employees, where both the employees and the Group contribute 7.5% of the employee emoluments (basic salary, housing and transport allowances). The Group's contribution under the scheme is charged to the income statement while employee contributions are funded through payroll deductions.

3.11.3 Short term employee benefits

Short term employee benefits 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 Group 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.

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.

3.11.4 Termination benefits

Termination benefits are recognised as an expense when the Group 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 Group 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.

3.12 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.

Interest bearing borrowings are stated at are stated 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 year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.13 Provisions

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.

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3.13.1 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.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

3.15 Revenue recognition

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. When two or more revenue generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair values of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

The Group engages in operation of hotels and the provision of catering services.

3.15.1 Sale of service

Revenue from services is recognised in the period when the service is completed and collectability of the related receivables is reasonably assured.

Hotel and restaurant revenues are recognized when the rooms are occupied and the services are rendered. Deferred revenue consisting of deposits paid in advance is recognized as revenue when the services are rendered for hotels and restaurants. Revenues under management contracts are recognized based upon the attainment of certain financial results, primarily revenue and operating earnings, in each contract as defined.

Full revenue is recognised (usually one night's room charge plus tax) on customers deposit made on room reservation in which reservation was not cancelled within the allotted cancellation period/policy; while 40% of customers' deposit is recognised as revenue on banquet booking in which the reservation was not cancelled two weeks to the date of the event.

3.15.2 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.

3.16 Dividend

3.16.1 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividend are declared.

3.16.2 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 general reserves.

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3.17 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement 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.

3.17.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

3.17.2 Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except where the company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available for sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive and subsequently recognised in the income statement together with the deferred gain or loss.

3.18 Finance income and finance costs

3.18.1 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.

3.18.2 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.

3.19 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.

3.20 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.

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4 Risk Management Framework

The Board of Directors at the apex exercise and assume ultimate authority and responsibility for the corporate risk management.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Ikeja Hotel Plc., through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group has exposure to the following risks:

- Strategic risk
- Credit risk
- Financial risk
- Operational risk

Strategic risk

This specifically focuses on the economic environment, the products offered and the market. The strategic risks arise from a Group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its inability to adapt to changes in its business environment.

Capital Management Policies, Objectives and Approach

The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the Group.

- To maintain the required level of financial stability thereby providing a degree of security to stakeholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the contributors, regulators and stakeholders

Ikeja Hotel Plc.'s operations are also subject to regulatory requirements within Nigeria where it operates.

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

The Group's primary source of capital used is equity shareholders' funds.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from loans and receivables, accounts receivables (excluding prepayments and VAT), and cash and cash equivalent.

Exposure to credit risk is monitored on an ongoing basis, with credit checks performed on all clients requiring credit over certain amounts. Credit is authorized beyond the credit limits established where appropriate. Credit granted is subject to regular review, to ensure it remains consistent with the client's creditworthiness and appropriate to the anticipated volume of business.

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

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Exposure to risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

Financial assets

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Loans and receivables	1,957,340	1,864,974	1,957,340	1,864,974
Investments accounted for using the equity method	780,454	785,065	798,722	798,722
Trade and other receivables	945,830	1,680,556	638,243	684,141
Cash and cash equivalents	4,970,704	4,184,336	2,662,089	2,246,461
	8,654,328	8,514,931	6,056,394	5,594,298

Where it is considered necessary, the debtors' age analysis is also evaluated on a regular basis for potential doubtful debts. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

An analysis of trade receivables - Group

Note	Carrying amount N'000	Neither impaired nor past due N'000	Past due but not impaired				
			31-60 days N'000	61-90 days N'000	91-120 days N'000	121-180 days N'000	Over 181 days N'000
2013							
14	1,140,014	568,687	238,488	262,791	32,952	11,105	25,991
2012							
14	1,556,600	587,797	360,215	148,092	61,436	91,682	307,378

An analysis of trade receivables - Company

Note	Carrying amount N'000	Neither impaired nor past due N'000	Past due but not impaired				
			31-60 days N'000	61-90 days N'000	91-120 days N'000	121-180 days N'000	Over 181 days N'000
2013							
14	698,066	379,511	216,037	65,631	14,499	11,104	11,283
2012							
14	786,883	407,817	263,240	55,684	18,234	37,413	4,495

The Group allows an average debtors period of 30 days after invoice date. It is the Group's policy to assess trade receivables for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability the Group takes into account any indicators of impairment up until the reporting date. The application of this policy generally results in debts between 31 and 60 days not being provided for unless individual circumstances indicate that a debt is impaired. While 50% and 100% provision is made for debtors balances between 61 and 90 days and above 90 days respectively.

Trade receivables that are neither impaired nor past due are made up of 35% of debtors' balances (2012: 42%). The average age of these debtors is 53 days (2012: 62 days). No debtors' balances have been renegotiated during the year or in the prior year.

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- training and professional development
- Ethical and business standards

Financial risk

The Group has exposure to the following risks from financial instruments:

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The group at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayment of borrowings are structured to match the expected cash flows from operations to which they relate.

The Group's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

The Group finances its operations through cash generated by the business and short-term investments with a range of maturity dates. In this way, the Group ensures that it is not overly reliant on any particular liquidity sources.

Liquidity risk faced by the Group is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilized banking facilities and reserve borrowing capacity (where necessary).

Contractual maturity analysis for financial liabilities - Group

	Due or due within one year N'000	Due after one year N'000	Total N'000
At 31 December 2013			
Financial liabilities			
Other liabilities	3,600,424	-	3,600,424
Trade and other payables	2,319,378	-	2,319,378
Dividend payable	43,436	-	43,436
Borrowings	-	-	-
	<u>5,963,239</u>	<u>-</u>	<u>5,963,239</u>
At 31 December 2012			
Other liabilities	3,735,567	-	3,735,567
Trade and other payables	2,099,430	-	2,099,430
Dividend payable	17,520	-	17,520
Borrowings	7,365	-	7,365
	<u>5,859,882</u>	<u>-</u>	<u>5,859,882</u>

Contractual maturity analysis for financial liabilities - Company

Due or due within one year N'000	Due after one year N'000	Total N'000
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IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

At 31 December 2013

Financial liabilities

Other liabilities	5,349,269	-	5,349,269
Trade and other payables	760,894	-	760,894
Dividend payable	16,691	-	16,691
Borrowings	-	-	-
	<u>6,126,855</u>	<u>-</u>	<u>6,126,855</u>

At 31 December 2012

Financial liabilities

Other liabilities	4,930,430	-	4,930,430
Trade and other payables	931,158	-	931,158
Dividend payable	16,691	-	16,691
Borrowings	7,365	-	7,365
	<u>5,885,644</u>	<u>-</u>	<u>5,885,644</u>

The Group's focus on the maturity of its financial liabilities is as highlighted above, classified as due or due within one year and due after one year.

Market risk

This is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or value of its holdings of financial instruments.

The primary objectives of the treasury function are to provide secure and competitively priced funding for the activities of the Group and to identify and manage financial risks, including exposure to movement in interest and foreign exchange rates arising from those activities. The components of the market risk are highlighted below:

Foreign exchange risk

The Group is exposed to transactional currency risk on sale and purchases that are denominated in a currency other than the functional currency. This exposure is managed through a domiciliary account maintained to effect transactions denominated in foreign currencies.

Price risk

The Group is exposed to variability in the prices of commodities used in running its operations especially those relating to food and beverages and housekeeping functions. Commodity price risk is managed within minimum and maximum guardrails principally through multi-year fixed price contract with suppliers.

5. Fair value determination

Fair value is the amount at which an asset or liability is exchanged between knowledgeable willing parties in an arms length transaction.

The carrying values of the Group's financial assets and liabilities are a reasonable approximation of fair values as at the applicable reporting periods.

Fair values of equity securities with active markets were derived with reference to their markets prices as at the reporting period.

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5.1 Financial instruments and fair values

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, such changes in fair value are recognized in the statement of comprehensive income either through the income statement or other comprehensive income. For items measured at amortised cost, changes in value are recognised in the income statement of the statement of comprehensive income.

The carrying amounts of financial instruments shown on the statement of financial position in terms of their measurement basis are shown as follows:

The Group

At 31 December 2013

	Notes	Fair value N'000	Amortised cost N'000	Carrying amount N'000
Assets				
Cash and cash equivalents		4,970,704	-	4,970,704
Trade and other receivables		-	945,830	945,830
Loans and receivables		-	1,957,340	1,957,340
Investments accounted for using the equity method		780,454	-	780,454
		<u>5,751,158</u>	<u>2,903,170</u>	<u>8,654,328</u>
Liabilities				
Trade and other payables		2,319,378	-	2,319,378
Bank overdrafts		1,551	-	1,551
Borrowings		-	-	-
Other liabilities		3,600,424	-	3,600,424
		<u>5,921,354</u>	<u>-</u>	<u>5,921,354</u>

At 31 December 2012

Assets				
Cash and cash equivalents		4,184,336	-	4,184,336
Trade and other receivables		-	1,680,556	1,680,556
Loans and receivables		-	1,864,974	1,864,974
Investments accounted for using the equity method		785,065	-	785,065
		<u>4,969,401</u>	<u>3,545,530</u>	<u>8,514,931</u>
Liabilities				
Trade and other payables		2,099,430	-	2,099,430
Bank overdrafts		140,476	-	140,476
Borrowings		-	7,365	7,365
Other liabilities		3,735,567	-	3,735,567
		<u>5,975,473</u>	<u>7,365</u>	<u>5,982,838</u>

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Company

	Notes	Fair value N'000	Amortised cost N'000	Carrying amount N'000
At 31 December 2013				
Assets				
Cash and cash equivalents		2,662,089	-	2,662,089
Trade and other receivables		-	638,243	638,243
Loans and receivables		-	1,957,340	1,957,340
Investments accounted for using the equity method		798,722	-	798,722
		<u>3,460,811</u>	<u>2,595,583</u>	<u>6,056,394</u>
Liabilities				
Trade and other payables		760,894	-	760,894
Bank overdrafts		1,551	-	1,551
Borrowings		-	-	-
Other liabilities		5,349,269	-	5,349,269
		<u>6,111,714</u>	<u>-</u>	<u>6,111,714</u>
At 31 December 2012				
Assets				
Cash and cash equivalents		2,246,461	-	2,246,461
Trade and other receivables		-	684,141	684,141
Loans and receivables		-	1,864,974	1,864,974
Investments accounted for using the equity method		798,722	-	798,722
		<u>3,045,183</u>	<u>2,549,115</u>	<u>5,594,298</u>
Liabilities				
Trade and other payables		931,158	-	931,158
Bank overdrafts		140,476	-	140,476
Borrowings		-	7,365	7,365
Other liabilities		4,930,430	-	4,930,430
		<u>6,002,064</u>	<u>7,365</u>	<u>6,009,429</u>

5.2 Fair valuation methods and assumptions

Cash and cash equivalents, trade receivables, trade payables and short term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains in a separate component of equity at the end of the reporting year.

5.3 Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value;

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

6. Property, plant and equipment

6.1 The Group

	Land N'000	Building N'000	Furniture, fittings & Equipment N'000	Plant and machinery N'000	Motor vehicles N'000	Total N'000
Cost						
At 1 January 2013	3,406,260	1,251,950	3,091,136	1,637,758	405,043	9,792,147
Additions in the year	34,482	113,754	311,703	206,822	40,225	706,986
Disposal in the year	-	-	-	-	(2,955)	(2,955)
At 31 December 2013	<u>3,440,742</u>	<u>1,365,704</u>	<u>3,402,839</u>	<u>1,844,580</u>	<u>442,313</u>	<u>10,496,178</u>
Depreciation						
At 1 January 2013	-	549,805	2,359,679	1,174,221	376,944	4,460,649
Charge for the year	-	42,704	168,453	163,033	30,713	404,903
Disposal in the year	-	-	-	-	(2,955)	(2,955)
At 31 December 2013	<u>-</u>	<u>592,509</u>	<u>2,528,132</u>	<u>1,337,254</u>	<u>404,702</u>	<u>4,862,597</u>
Carrying amount:						
At 31 December 2013	<u>3,440,742</u>	<u>773,195</u>	<u>874,707</u>	<u>507,326</u>	<u>37,611</u>	<u>5,633,581</u>
At 31 December 2012	<u>3,406,260</u>	<u>702,145</u>	<u>731,457</u>	<u>463,537</u>	<u>28,099</u>	<u>5,331,498</u>

6.2 The Company

	Land N'000	Building N'000	Equipment N'000	Plant and machinery N'000	Motor vehicles N'000	Total N'000
Cost						
At 1 January 2013	3,084,350	666,282	914,985	178,063	224,122	5,067,802
Additions in the year	-	65,841	143,317	17,046	4,490	230,694
Disposals during the year	-	-	-	-	(2,955)	(2,955)
At 31 December 2013	<u>3,084,350</u>	<u>732,123</u>	<u>1,058,302</u>	<u>195,109</u>	<u>225,657</u>	<u>5,295,541</u>
Depreciation						
At 1 January 2013	-	347,802	459,737	142,979	206,513	1,157,031
Charge for the year	-	27,659	81,504	15,392	10,974	135,529
Disposals during the year	-	-	-	-	(2,955)	(2,955)
At 31 December 2013	<u>-</u>	<u>375,461</u>	<u>541,241</u>	<u>158,371</u>	<u>214,532</u>	<u>1,289,605</u>
Carrying amount:						
At 31 December 2013	<u>3,084,350</u>	<u>356,662</u>	<u>517,060</u>	<u>36,738</u>	<u>11,125</u>	<u>4,005,936</u>
At 31 December 2012	<u>3,084,350</u>	<u>318,480</u>	<u>455,248</u>	<u>35,084</u>	<u>17,609</u>	<u>3,910,771</u>

7. Capital work in progress

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
At 1 January	850,400	625,262	386,285	161,147
Additions in the year	498,138	225,138	498,138	225,138
Impairment loss in the year	(93,344)	-	-	-
At 31 December	<u>1,255,194</u>	<u>850,400</u>	<u>884,423</u>	<u>386,285</u>

This represents on going renovation works on the Company's property.

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
8. Intangible asset				
Computer software				
Cost				
At 1 January	20,069	-	11,094	-
Additions in the year	-	20,069	-	11,094
At 31 December	<u>20,069</u>	<u>20,069</u>	<u>11,094</u>	<u>11,094</u>
Amortization				
At 1 January	2,007	-	1,109	-
Charge for the year	2,007	2,007	1,109	1,109
At 31 December	<u>4,014</u>	<u>2,007</u>	<u>2,218</u>	<u>1,109</u>
Carrying amount	<u>16,055</u>	<u>18,062</u>	<u>8,876</u>	<u>9,985</u>
9. Investment in subsidiary				
Hans Gremlin Nigeria Limited	-	-	4,440,919	4,440,919

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.

9.1	Name	Country of incorporation	Proportion of ownership	Principal activities
	• Hans Gremlin Nigeria Limited	Nigeria	75%	Special purpose vehicle
	• Capital Hotels Limited	Nigeria	38.25%	Operation of hotels and restaurants, apartment letting, recreational facilities, night clubs and a business center.
	• IHL Services	Nigeria	100%	Advisory and consultancy services to undertake advisory management on all types of businesses.

10. Investment accounted for using the equity method

The only significant joint venture is a 12.18% interest in The Tourist Company of Nigeria Plc., which operates in the gaming and hospitality sector. The Tourist Company of Nigeria Plc is jointly controlled by Ikeja Hotel Group (as defined by the Shareholders Agreement) and one other venturer as a result of a contractual agreement involving sharing of control over strategic, financial and operating decisions relating to The Tourist Company of Nigeria Plc. It is consolidated into the Group financial statements using the equity method.

Aggregate amounts relating to investment in joint venture include:

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
Current assets	135,306	151,300	-	-
Non current asset	1,161,301	1,209,804	-	-
Current liabilities	144,399	126,385	-	-
Non current liabilities	969,071	989,384	-	-
Income	110,880	224,954	-	-
Expenses	115,491	238,611	-	-
At 1 January	785,065	798,722	798,722	798,722
Additions	-	-	-	-
Disposal	-	-	-	-
Share of loss of joint venture	(4,611)	(13,657)	-	-
At 31 December	<u>780,454</u>	<u>785,065</u>	<u>798,722</u>	<u>798,722</u>

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group			The Company		
	US \$'000	2013 N'000	2012 N'000	US \$'000	2013 N'000	2012 N'000
11. Loans and receivables						
At 1 January	11,439	1,864,974	1,786,804	11,439	1,864,974	1,786,804
Interest capitalised	572	93,207	88,808	572	93,207	88,808
Exchange revaluation	-	(841)	(10,638)	-	(841)	(10,638)
At 31 December	<u>12,011</u>	<u>1,957,340</u>	<u>1,864,974</u>	<u>12,011</u>	<u>1,957,340</u>	<u>1,864,974</u>

Loans and receivable relate to receivable from The Tourist Company of Nigeria Plc. The loans are denominated in United States Dollars with no fixed term of repayment. Interest is capitalised at 5% per annum.

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
12. Due from related parties				
G.M. Ibru	-	-	1,875	-
Nimbles Logistics Limited	-	-	20	-
Hans Gremlin Nigeria Limited	-	-	481,835	481,642
	<u>-</u>	<u>-</u>	<u>483,730</u>	<u>481,642</u>

The carrying amount of loans and receivables and due from related party is considered to be in line with their fair value at the reporting date.

13. Inventories				
Food and beverage	78,361	118,059	28,183	52,221
Maintenance supplies	150,891	150,659	80,366	68,086
Operating supplies	128,815	133,216	87,389	99,032
Office supplies	10,342	12,239	-	-
General stores	59,918	68,437	35,325	44,884
	<u>428,327</u>	<u>482,610</u>	<u>231,263</u>	<u>264,223</u>
14. Trade and other receivables				
Trade receivables	1,140,014	1,556,600	698,066	786,883
Allowances for impairment losses	(208,198)	(230,485)	(70,075)	(110,842)
Net trade receivables	931,816	1,326,115	627,991	676,041
Other receivables	14,014	354,441	10,252	8,100
	<u>945,830</u>	<u>1,680,556</u>	<u>638,243</u>	<u>684,141</u>

There is no material difference between the fair value of receivables and their carrying amount.

At 31 December 2013, the Group has recognised N208.2 million (2012: N230.5 million) as allowances for impairment losses of its trade receivables.

15. Other assets				
Prepayments	87,911	99,789	34,042	41,997
Withholding tax receivable	746,289	652,135	623,077	559,381
Advances to suppliers	518,337	233,558	294,247	49,893
Sheraton Brand Hotels	13,499	-	13,499	17,045
Advances to employees	112,172	89,961	64,959	13,844
VAT receivable	-	-	-	4,555
Insurance claim receivable	-	1,246	-	1,246
	<u>1,478,208</u>	<u>1,076,689</u>	<u>1,029,824</u>	<u>687,961</u>

Other receivables are expected to be recoverable.

16. Cash and cash equivalents				
Cash in hand	4,994	5,821	1,430	975
Cash at bank	3,717,928	884,411	1,442,770	655,281
	<u>3,722,922</u>	<u>890,232</u>	<u>1,444,200</u>	<u>656,256</u>
Time deposits	1,247,782	3,294,104	1,217,889	1,590,205
Cash and cash equivalents as per statement of financial position	<u>4,970,704</u>	<u>4,184,336</u>	<u>2,662,089</u>	<u>2,246,461</u>

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group		The Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
17. Trade and other payables				
Trade payables	459,289	215,341	91,611	92,907
Accrued expenses	393,778	424,397	252,696	329,520
Deposits	1,908	248,134	1,908	893
Due to Starwood Eame License and Service Company	121,732	50,434	121,732	50,434
Service charge distribution	65,237	-	39,280	-
Statutory deductions	26,592	28,620	17,148	24,194
Other credit balances	1,250,843	1,132,504	236,519	433,210
	<u>2,319,378</u>	<u>2,099,430</u>	<u>760,894</u>	<u>931,158</u>
The fair value of accounts payable and accruals approximate their carrying value.				
18. Deferred income	<u>1,187,170</u>	<u>1,072,596</u>	<u>1,138,549</u>	<u>1,045,342</u>
For the Company, deferred income relates to interest receivable from the loan to The Tourist Company of Nigeria Plc, which are payable when cashflow allows.				
19. Dividend payable				
At 1 January	17,520	22,307	16,691	22,307
Declared during the year	25,916	66,378	-	-
Payment during the year	-	(71,165)	-	(5,616)
At 31 December	<u>43,436</u>	<u>17,520</u>	<u>16,691</u>	<u>16,691</u>
20. Due to related parties				
Capital Hotels Plc	-	30,960	1,255,859	1,225,824
IHL Services Limited	-	506,796	491,092	506,796
Alurum Investment Ltd/Omamo Trust Limited.	1,759,373	1,625,779	1,759,373	1,625,779
Minabo Limited	1,027,894	917,763	1,027,894	917,763
Associated Ventures International Limited	813,157	654,269	815,051	654,268
	<u>3,600,424</u>	<u>3,735,567</u>	<u>5,349,269</u>	<u>4,930,430</u>
21. Current tax payable				
At 1 January	979,116	792,921	712,131	493,644
Payment in the year	(417,724)	(658,113)	(248,430)	(432,376)
Charge for the year (Note 23)	581,051	844,308	441,970	650,863
At 31 December	<u>1,142,443</u>	<u>979,116</u>	<u>905,671</u>	<u>712,131</u>
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 Act, CAP E4, LFN 2004 as amended.				
22. Deferred taxation				
At 1 January	353,320	603,692	157,345	351,819
Charge/(write back) for the year (Note 23)	51,184	(250,372)	28,207	(194,474)
At 31 December	<u>404,504</u>	<u>353,320</u>	<u>185,552</u>	<u>157,345</u>

22.1 Deferred tax assets and liabilities

Reconciliation of deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

The Group

	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	429,014	378,679	-	-	429,014	378,679
Exchange loss/(gain)	3,395	-	-	(4,418)	(3,395)	(4,418)
Provisions	-	-	(27,905)	(20,941)	(27,905)	(20,941)
Tax liability carry forwards	432,409	378,679	(27,905)	(25,359)	397,714	353,320
Tax liability brought forwards	-	-	-	-	(353,320)	-
Deferred tax (asset)/liability	<u>432,409</u>	<u>378,679</u>	<u>(27,905)</u>	<u>(25,359)</u>	<u>44,394</u>	<u>353,320</u>

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Assets		Liabilities		Net	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000	2013 N'000	2012 N'000
22.2 The Company						
Property, plant and equipment	185,552	159,338	-	-	185,552	159,338
Exchange loss/gain	-	-	-	(1,994)	-	(1,994)
Tax liability carry forwards	185,552	159,338	-	(1,994)	185,552	157,344
Tax liability brought forwards	-	-	-	-	(157,345)	(351,819)
Deferred tax (asset)/liability	185,552	159,338	-	(1,994)	28,207	(194,475)

The Company has adopted the International Accounting Standard 12 - Income taxes, deferred taxation, which is computed using the liability method.

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
23. Taxation charge				
Income tax	533,869	781,622	410,167	604,969
Education tax	47,181	62,686	31,803	45,894
	581,051	844,308	441,970	650,863
Deferred taxation	51,183	(250,372)	28,207	(194,474)
Income statement	632,234	593,936	470,177	456,389

23.1.1 The tax expense for the year is reconciled to the profit for the year as follows:

Profit before tax	1,627,040	2,610,266	1,346,528	2,184,870
Tax @ 30%	488,112	783,080	403,957	655,461
Deductible items	314,646	126,302	184,195	32,953
Balancing charge	150	-	150	-
Capital allowance	(313,673)	(158,667)	(222,904)	(83,445)
Education tax	47,044	61,629	31,803	45,894
Deferred tax effect	51,185	(218,409)	28,207	(194,474)
Tax expense for the year	587,464	593,935	425,408	456,389
Profit after tax	1,039,576	2,016,331	921,120	1,728,481

23.1.2 The tax rate is reconciled to the effective tax rate as follows:

	%	%	%	%
Tax rate	30	30	30	30
Deductible items	19	5	14	2
Capital allowance	(19)	(6)	(17)	(4)
Education tax	3	2	2	2
Deferred tax effect	3	(8)	2	(9)
Total effective tax rate	36	23	32	21

	N'000	N'000	N'000	N'000
24. Employee benefits				
24.1 Defined contribution				
At 1 January	-	-	-	-
Provision during the year	148,086	129,980	92,214	74,108
Payments during the year	(148,086)	(129,980)	(92,214)	(74,108)
At 31 December	-	-	-	-

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
24.2 Defined benefits				
At 1 January	3,464,951	3,653,389	1,375,920	1,606,507
Current service cost	469,703	247,013	264,076	114,103
Past service cost	-	(723,357)	-	(398,983)
Interest cost	393,301	443,020	161,185	163,877
Payments in the year	(933,906)	(810,137)	(353,570)	(438,305)
Actuarial gain/(loss)	(380,347)	655,023	(35,108)	328,721
At 31 December	3,013,702	3,464,951	1,412,503	1,375,920

Past service cost

This relates to the impact of the capping of the benefits of the gratuity scheme with effect from 31 December 2011. The capping is as follows:

- members with less than 15 years of service will only receive a maximum benefit of 300 weeks of their annual gross earnings on retirement or exit from the Scheme
- members who have more than 15 years of service will only receive a maximum benefit of 357 weeks of their annual gross earnings on retirement or exit from the Scheme

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
25. Borrowings				
At 1 January	7,365	17,542	7,365	17,542
Written off/repayment in the year	(7,365)	(10,177)	(7,365)	(10,177)
At 31 December	-	7,365	-	7,365

Term loan represents the outstanding balance on N3.6 billion loan from a consortium of Nigerian banks at an interest rate of 19% per annum + market variation. The loan was used to finance the acquisition of 75% holding in Hans-Gremlin Nigeria Limited. The borrowings are secured on the fixed and floating assets of the Company.

26. Share capital

26.1 Authorised				
4,000,000,000 Ordinary shares of 50 kobo each	2,000,000	2,000,000	2,000,000	2,000,000
26.2 Issued and fully paid				
2,078,796,399 ordinary shares of 50 kobo each	1,039,398	1,039,398	1,039,398	1,039,398
27. Share premium reserve				
At 31 December	1,381,072	1,381,072	1,381,072	1,381,072
28. Retained earnings				
At 1 January	384,894	(947,852)	4,038,756	2,638,996
Transfer from profit or loss account	1,029,742	1,987,769	876,351	1,728,481
Actuarial gain/(loss) for the year	380,347	(655,023)	35,108	(328,721)
At 31 December	1,794,983	384,894	4,950,216	4,038,756

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group		The Company	
	2013 N'000	2012 N'000	2013 N'000	2012 N'000
29. Non controlling interest				
At 1 January	1,598,484	1,636,301	-	-
Dividend	(25,916)	(66,378)	-	-
Share of (loss)/profit	(34,936)	28,561	-	-
At 31 December	<u>1,537,632</u>	<u>1,598,484</u>	<u>-</u>	<u>-</u>
30. Other income				
Gain on disposal of available for sale asset	150	-	150	-
Gain on currency translation	11,316	-	11,479	-
Dividend income	-	-	-	37,442
Fee income (Note 40)	385,088	22,940	52,088	20,175
Interest earned	43,003	-	318	-
Sales of scrap	30,621	-	14,347	-
Provision no longer required	41,296	-	41,296	-
Sundry receipts	-	3,919	-	2,955
	<u>511,473</u>	<u>26,859</u>	<u>119,678</u>	<u>60,572</u>
31. Finance income and finance cost				
Interest income	-	(51,881)	-	(181)
Interest expense	<u>431,281</u>	<u>393,858</u>	<u>431,281</u>	<u>393,858</u>
Net finance costs	<u>431,281</u>	<u>341,977</u>	<u>431,281</u>	<u>393,677</u>
Interest income represents interest earned on bank deposits while interest expense represents charges paid and/or payable on loans.				
32. Administrative and general expenses				
Directors' remuneration	51,529	45,322	18,785	15,455
Management service charge	-	220,233	-	-
Employee costs	499,202	650,050	357,881	600,237
Depreciation of property, plant and equipment	391,419	356,880	135,556	124,824
Management fees	97,577	215,665	97,577	105,548
Operators incentive fee	340,909	123,374	190,315	95,927
Legal and professional fees	287,618	210,089	261,675	193,620
Insurance	99,984	124,238	66,686	91,132
Medical expenses	16,640	18,972	13,240	18,972
Transport and travelling	100,601	81,284	78,510	72,443
Repairs and maintenance	46,712	46,258	40,951	43,910
Provision for doubtful balances	-	69,803	-	-
Bank charges	36,275	53,362	23,777	43,448
Loss on currency translation	34,661	14,726	-	6,646
Audit fee	15,600	14,450	8,000	8,000
Other administrative expenses	543,812	213,803	141,742	163,983
	<u>2,562,540</u>	<u>2,458,509</u>	<u>1,434,695</u>	<u>1,584,147</u>

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

33. Segment information

33.1 Operating segments

The Company has three reportable segments, summarised as follows:

Rooms: This includes the sale of rooms and rent of office space
Food and beverage: This includes the sale of food and beverages in the Company's restaurants and bars.
Other services: This include the services of other minor operating departments that individually the reported revenue is below 10% of the combined revenue of all operating segments and are similar in the class of customers for their services.

	The Group		The Company	
	2013	2012	2013	2012
	N'000	N'000	N'000	N'000
Business segment				
Revenue				
Rooms	6,772,544	7,237,690	4,397,208	4,948,289
Food and beverage	3,925,922	3,434,831	1,704,522	1,693,834
Other minor operating departments	525,234	590,703	403,378	302,260
	<u>11,223,700</u>	<u>11,263,224</u>	<u>6,505,108</u>	<u>6,944,383</u>
Cost of sales				
Rooms	1,258,577	1,358,221	744,078	891,869
Food and beverage	2,989,391	2,472,039	1,216,590	1,307,116
Other minor operating departments	2,556,087	1,727,875	1,145,968	427,503
	<u>6,804,055</u>	<u>5,558,135</u>	<u>3,106,636</u>	<u>2,626,488</u>
Gross profit	<u>4,419,645</u>	<u>5,705,089</u>	<u>3,398,472</u>	<u>4,317,895</u>
Gross profit margin (%)	<u>39</u>	<u>51</u>	<u>52</u>	<u>62</u>

There is no disclosure of depreciation and assets per business segment because the assets of the Company are not directly related to a particular segment.

34. Reconciliation of cash and cash equivalent

Cash in hand	4,994	5,821	1,430	975
Cash at bank	3,717,928	884,411	1,442,770	655,281
	<u>3,722,922</u>	<u>890,232</u>	<u>1,444,200</u>	<u>656,256</u>
Time deposits	1,247,782	3,294,104	1,217,889	1,590,205
Bank overdraft	(1,551)	(140,476)	(1,551)	(140,476)
	<u>4,969,153</u>	<u>4,043,860</u>	<u>2,660,538</u>	<u>2,105,985</u>

35. Basic earnings per share

Earnings per share (Basic) have been computed for each year on the profit after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up N0.50 kobo ordinary shares during the year.

Profit after taxation	<u>994,806</u>	<u>2,016,331</u>	<u>876,351</u>	<u>1,728,481</u>
Number of shares	<u>2,078,796</u>	<u>2,078,796</u>	<u>2,078,796</u>	<u>2,078,796</u>
Earnings per share (Kobo)	<u>48</u>	<u>97</u>	<u>42</u>	<u>83</u>

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

		The Group		The Company	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
36. Information regarding directors and employees					
36.1 Emolument of the directors					
Non - executive directors fee		2,900	2,100	600	600
Chairman's fee (included above)		500	450	200	200
Emoluments paid to Executive Directors		-	-	-	-
36.2 Other expenses					
Chairman		3,380	3,380	1,562	1,562
Directors		24,876	26,190	13,293	13,293
		<u>28,256</u>	<u>29,570</u>	<u>14,855</u>	<u>14,855</u>
In addition to the above, the Company provided non cash benefits to the Chairman.					
36.3 Scale of directors' remuneration					
The number of directors excluding the Chairman whose expenses fell within the following ranges are:					
		Number	Number	Number	Number
N0	-	-	-	-	-
N100,001	-	14	14	5	5
		<u>14</u>	<u>14</u>	<u>5</u>	<u>5</u>
		N'000	N'000	N'000	N'000
36.4 Staff costs					
Personnel compensation comprised:					
Salaries and wages		2,545,219	3,140,787	1,854,799	1,759,711
Short-term employee benefits		118,755	63,483	92,214	37,054
Defined benefit gratuity scheme		792,811	365,659	425,261	277,980
		<u>3,456,785</u>	<u>3,569,929</u>	<u>2,372,274</u>	<u>2,074,745</u>
		Number	Number	Number	Number
36.5 The average number of persons employed during the year by category					
Management staff		76	76	50	53
Non - management staff		1,021	907	632	479
		<u>1,097</u>	<u>983</u>	<u>682</u>	<u>532</u>
36.6 Scale of employees' remuneration					
N	N				
Less than	-	-	-	-	-
250,001	-	5	6	5	6
500,001	-	426	315	241	214
750,001	-	210	206	72	56
1,000,001	-	157	162	65	47
1,250,001	-	79	141	79	56
1,500,001	-	81	61	81	61
1,750,001	-	71	45	71	45
Above	-	68	47	68	47
		<u>1,097</u>	<u>983</u>	<u>682</u>	<u>532</u>
37. Related party transaction					
During the year, the Group had significant business dealings with the related parties. The transaction value and balances of these business dealings are:					

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

		Value of transactions in the year		Amount due (to)/from the Company	
		2013 N'000	2012 N'000	2013 N'000	2012 N'000
37.1 The Tourist Company of Nigeria Plc	Ikeja Hotel Plc is a shareholder of the Company and some directors on the Board of the Company also serve on the Board of Ikeja Hotel Plc.				
	Transaction in the year relate to fee income received for support services (Note 40)	52,088	20,175	1,957,340	1,864,874
37.2 Hans-Gremlins (Nigeria) Limited	The Company is a subsidiary of Ikeja Hotel Plc and some of the directors serve on the board of both companies.				
	Transaction in the year related to dividend income from Hans Gremlin Nigeria Limited	-	37,442	481,835	481,642
37.3 Minabo Limited	One of the directors of Ikeja Hotel Plc is also a director of Minabo Limited. Transaction in the year relate to interest payable on outstanding loan liability.	98,332	98,332	(1,027,894)	(917,763)
37.4 Associated Ventures International Limited	One of the directors of the Company is also a director of Associated Ventures International Limited. Transaction relates to interest payable on outstanding loan balance	63,840	63,840	(815,051)	(654,268)
37.5 Oma Trust Limited	One of the directors of the Company is also a director of Oma Trust Limited.				
	Transaction in the year was in respect of interest accrued on outstanding loan liability	180,670	180,670	(1,759,373)	(1,625,779)
37.6 G. M. Ibru & Co	A partner in the Firm is a director of Ikeja Hotel Plc. The Firm provides legal services to the Company and occupies office space from the Company. No rent has been charged for the office space.	-	802	-	-
37.7 Minet Nigeria Limited	A director in the Company is also a director in Ikeja Hotel Plc.				
	It provides insurance brokerage services to the Company.	18,345	72,246	-	-
37.8 AVI Services Limited	The Company has certain directors in common with Ikeja Hotel Plc				
	It provides a staff transport service to Ikeja Hotel Plc, operates a car hire business at the Hotel.	96,907	85,212	-	-
37.9 Capital Hotels Plc	Capital Hotels Plc is a member of the Ikeja Hotel Group.				
	Transactions in the year relate to:				
	- 'interest paid/payable on loan	30,034		(1,255,859)	(1,225,824)

IKEJA HOTEL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

38. Financial commitments

The directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these consolidated financial statements. These liabilities are relevant in assessing the Company's state of affairs.

39. Management/technical service agreement

The Ikeja Hotel Plc entered into an agreement with Starwood Eame License and Services Company BVBA to manage Sheraton Lagos Hotel on its behalf for which a basic fee of 1.5% of total revenue together with an incentive fee of 3% of adjusted gross operating profit of the Hotel during each financial year. This agreement has been registered with the National Office for Technology Acquisition and Promotion (NOTAP).

40. Support services agreement

The Company has an agreement with The Tourist Company of Nigeria Plc to provide support services to the latter until 30 September 2017. In terms of this agreement, The Tourist Company of Nigeria Plc is obligated to pay the following annual fees to Ikeja Hotel Plc:

40.1 Basic fee

A basic fee equal to 0.45% per annum of the gross revenue of The Tourist Company of Nigeria Plc. This is exclusive of any taxes and is denominated and payable in Naira.

40.2 Incentive fee

An incentive fee of 1.5% per annum of the adjusted net profit of The Tourist Company of Nigeria Plc. This fee is exclusive of any taxes and is denominated and payable in Naira.

41. Contingent liabilities

The Group is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations amounted to N13 million as at 31 December 2013 (2012:N93 million). In the opinion of the Directors, based on legal advice, no material loss is expected to arise from these claims. Therefore, no provision has been made in the consolidated financial statements.

42. Events after the reporting date

There are no significant post reporting date events which could have had a material effect on the state of affairs of the Group as at balance sheet date that have not been adequately provided for or disclosed in the financial statements.

43. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year in accordance with the International Accounting Standard (IAS 1) issued by the International Accounting Standard Board.

IKEJA HOTEL PLC

CONSOLIDATED STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group				The Company			
	2013 N'000	%	2012 N'000	%	2013 N'000	%	2012 N'000	%
Revenue	11,223,700		11,263,224		6,505,108		6,944,383	
Finance income	-		865		0		(181)	
Other income	511,473		26,859		119,678		60,572	
	<u>11,735,173</u>		<u>11,290,948</u>		<u>6,624,786</u>		<u>7,004,774</u>	
Cost of goods and services - foreign	(438,485)		(288,024)		(287,892)		(201,475)	
Cost of goods and services - local	<u>(5,390,163)</u>		<u>(4,071,992)</u>		<u>(2,016,148)</u>		<u>(2,353,723)</u>	
Value added	<u>5,906,525</u>	<u>100</u>	<u>6,930,933</u>	<u>100</u>	<u>4,320,746</u>	<u>100</u>	<u>4,449,576</u>	<u>100</u>
Applied as follows:								
To pay employees:								
Salaries wages and other staff costs	3,456,785	58	3,569,929	52	2,372,273	55	2,074,745	47
To providers of capital:								
- Finance charges	431,281	7	393,858	6	431,281	10	393,858	9
To pay Government:								
Company income tax	581,051	10	844,307	12	441,970	10	650,863	15
To provide for assets replacement:								
- Depreciation of property, plant and equipment	391,419	7	356,880	5	135,556	3	124,824	3
Retained for future expansion:								
- Deferred taxation	51,183	1	(250,372)	(4)	28,207	1	(194,474)	(4)
- Retained profit on ordinary activities	<u>994,806</u>	<u>17</u>	<u>2,016,331</u>	<u>29</u>	<u>911,459</u>	<u>21</u>	<u>1,399,760</u>	<u>30</u>
	<u>5,906,525</u>	<u>100</u>	<u>6,930,933</u>	<u>100</u>	<u>4,320,746</u>	<u>100</u>	<u>4,449,576</u>	<u>100</u>

Value added represents the additional wealth, the group has been able to create by its own and it's employees' efforts. This statement shows the allocation of wealth among employees, providers of capital government and that retained for future creation of more wealth.

IKEJA HOTEL PLC

FINANCIAL SUMMARY - GROUP

31 DECEMBER

	2013 N'000	2012 N'000	2011 N'000
Statement of financial position			
Assets			
Property, plant and equipment	5,633,581	5,331,498	5,182,685
Capital work in progress	1,255,194	850,400	625,262
Intangible assets	16,055	18,062	-
Investments accounted for using the equity method	780,454	785,065	798,722
Loans and receivables	1,957,340	1,864,974	1,786,804
Net current assets	3,129,091	3,107,687	2,308,468
Non current liabilities	(7,018,630)	(7,553,838)	(7,593,022)
Net assets	5,753,085	4,403,848	3,108,919
Equity and reserve			
Share capital	1,039,398	1,039,398	1,039,398
Share premium reserve	1,381,072	1,381,072	1,381,072
Retained earnings	1,794,983	384,895	(947,852)
	4,215,453	2,805,365	1,472,618
Non controlling interest	1,537,632	1,598,484	1,636,301
Total equity	5,753,085	4,403,849	3,108,919
Statement of comprehensive income			
Turnover	11,223,700	11,263,224	11,778,188
Profit/(loss) before tax	1,627,040	2,610,266	(1,947,067)
Taxation	(632,234)	(593,936)	(789,640)
Profit/(loss) for the year	994,806	2,016,330	(2,736,707)
Other comprehensive income/(loss) for the year	380,347	(655,023)	1,031,504
Total comprehensive income/(loss) for the year	1,375,153	1,361,307	(1,705,203)
Per share data:			
Earnings/(loss) per share (kobo) - Basic	47.85	97.00	(131.65)
Net assets per ordinary share (kobo)	276.75	211.85	149.55

Earnings/(loss) per share are based on the profit/(loss) after tax divided by the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets divided by the number of issued and fully paid ordinary shares at the end of each financial year.

IKEJA HOTEL PLC

FINANCIAL SUMMARY - COMPANY 31 DECEMBER

	I F R S			
	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Assets				
Property, plant and equipment	4,005,936	3,910,771	3,709,883	2,729,578
Capital work in progress	884,423	386,285	161,147	123,073
Intangible assets	8,876	9,985	-	-
Investment in subsidiary	4,440,919	4,440,919	4,440,919	4,440,919
Investments accounted for using the equity method	798,722	798,722	798,722	381,326
Loans and receivables	1,957,340	1,864,974	1,786,804	2,204,033
Due from related party	483,730	481,642	481,342	129,251
Net current assets	1,738,063	1,029,623	(19,642)	1,590,415
Non current liabilities	(6,947,324)	(6,463,695)	(6,299,709)	(7,244,769)
Net assets	7,370,686	6,459,226	5,059,466	4,353,826
Equity and reserves				
Share capital	1,039,398	1,039,398	1,039,398	1,039,398
Share premium reserve	1,381,072	1,381,072	1,381,072	1,381,072
Retained earnings	4,950,216	4,038,756	2,638,996	1,933,356
Total equity	7,370,686	6,459,226	5,059,466	4,353,826
Turnover	6,505,108	6,944,383	6,954,476	4,944,026
Profit before tax	1,346,528	2,184,870	2,115,919	1,068,606
Taxation	(470,177)	(456,388)	(667,610)	(470,016)
Profit for the year	876,351	1,728,481	1,448,309	598,590
Other comprehensive loss for the year	35,108	(328,721)	(742,669)	-
Total comprehensive income/(loss) for the year	911,459	1,399,760	705,640	598,590
Per share data:				
Earnings per share (kobo) - Basic	42	83	70	29
Net assets per ordinary share (kobo)	355	311	243	209

Earnings per share are based on the profit after tax divided by the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets divided by the number of issued and fully paid ordinary shares at the end of each financial year.