

IKEJA HOTEL PLC (RC 10845)

Unaudited Interim Financial Statements
As at 30 June, 2014

IKEJA HOTEL PLC

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The COMPANY

The Company

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 registered office of the company is located at 84 Opebi Road, Ikeja, Lagos, is managed and operated by Starwood Eame License and Services Company BVBA

Principal activities

The principal activities of the Company are the operation of hotels and the provision of catering services.

The same accounting policies and methods of computation are followed in the interim financial statements as were followed in the most recent financial statements.

Statement of Financial Position
As at 30 June, 2014

	Notes	30.6.14 =N='000	31.12.13 =N='000
Non-Current Assets			
Property, plant and equipment	1	3,997,176	4,005,936
Capital Work-in-Progress	2	1,123,602	884,423
Intangible Asset	3	14,047	8,876
Investment in Subsidiaries	27	4,440,919	4,440,919
Investments accounted for using Equity Method	28	798,722	798,722
Loans and Receivables	13	1,957,340	1,957,340
Due from Related Party	14	490,832	483,730
Total Non-Current Assets		12,822,638	12,579,946
Current Assets			
Inventories	12	260,040	231,263
Trade and Other Receivables	10	2,213,287	638,243
Other Assets	11	774,829	1,029,824
Cash and Cash Equivalents	15	1,375,646	2,662,089
Total Current Assets		4,623,802	4,561,419
Total Assets		17,446,440	17,141,365
Equity			
Share Capital	24	1,039,398	1,039,398
Share Premium	25	1,381,072	1,381,072
Retained Earnings	26	4,908,654	4,950,215
Total Equity		7,329,124	7,370,685
Non-Current Liabilities:			
Other Liabilities	19	5,681,438	5,349,269
Employee Benefits	23	1,405,138	1,412,503
Deferred Tax	21	185,552	185,552
Total Non-Current Liabilities		7,272,127	6,947,324
Current Liabilities			
Trade and Other Payables	18	767,805	760,894
Deferred Income	17	1,138,549	1,138,549
Dividend Payable	20	16,691	16,691
Bank Overdraft	16	128,972	1,551
Current Tax Payable	21	793,171	905,671
Total Current Liabilities		2,845,188	2,823,356
Total Liabilities		10,117,316	9,770,680
Total Equity and Liabilities		17,446,440	17,141,365

**Statement of Comprehensive Income
For The Period Ended 30 June 2014**

	Note	30.6.14 =N='000	30.6.13 =N='000
Turnover	4	2,730,732	3,207,698
Cost of Sales	5	(1,164,320)	(1,197,228)
Gross Operating Profit		1,566,412	2,010,470
Other Income	6	31,316	6,713
Sales and Distribution Expenses	8	(137,470)	(153,689)
Administrative Expenses	7	(1,245,811)	(1,084,823)
Result from Operating Activities		214,447	778,670
Finance income	9	-	-
Finance costs	9	(256,008)	(3,243)
Net finance costs		(256,008)	(3,243)
Profit/(Loss) before Taxation		(41,561)	775,427
Current Tax Expense		-	(248,137)
Profit for the period		(41,561)	527,290
Total Comprehensive Income/(Loss) for the Period		(41,561)	527,290
Basic earnings per share (kobo)		(2)	25
Diluted earnings per share (kobo)		(2)	25

Statement of Changes in Equity
For the Period Ended 30 June 2014

	Issued Capital	Share Premium	Retained Earnings	Total
	=N='000	=N='000	=N='000	=N='000
Balance as at 31 December 2013	1,039,398	1,381,072	4,992,959	7,413,429
Changes in Equity for 2014				
Profit for the period	-	-	(41,561)	(41,561)
Total Comprehensive Income for the Year	-	-	(41,561)	(41,561)
Balance as at 30 June, 2014	1,039,398	1,381,072	4,951,398	7,371,868

As at 31 December, 2012	1,039,398	1,381,072	4,038,756	6,459,226
Changes in Equity for 2013				
Profit for the period	-	-	527,290	527,290
				-
Total Comprehensive Income for the Year	-	-	527,290	527,290
Balance as at 30 June, 2013	1,039,398	1,381,072	4,566,046	6,986,516

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Statement of Cash Flows
For the Period Ended 30 June, 2014

	Notes	30.6.14 =N='000	30.6.13 =N='000
Profit After Tax		(41,561)	527,290
Adjustment for:			
Depreciation of PPE	1	76,712	98,964
Amortisation of Intangible Asset	3	856	555
Finance Costs	9	256,008	3,243
Income Tax Expense		-	248,137
		292,015	878,189
Changes in:			
Inventories	12	(28,777)	40,678
Trade and Other Receivables	10	(1,575,044)	(448,172)
Other Assets	11	254,995	112,847
Due from Related Party	14	(7,102)	-
Employee Benefits		(7,365)	(5,295)
Trade and Other Payables	18	6,912	(13)
Other Liabilities	19	332,169	3,387
Cash generated from Operating Activities		(732,199)	581,620
Income tax paid	21	(112,500)	(156,023)
Net Cash from Operating Activities		(844,699)	425,597
Cash Flows from Investing Activities			
Purchase of PPE	1	(67,954)	(125,962)
Purchase of Intangible Assets	3	(6,027)	-
Additions to Capital Work in Progress	2	(239,179)	(317,344)
Net Cash Flows used in Investing Activities		(313,160)	(443,306)
Cash Flows from Financing Activities			
Written off/Repayment of Term Loan		-	-
Finance Costs	9	(256,008)	(3,243)
Net Cash Flows used in Financing Activities		(256,008)	(3,243)
Net Increase in Cash and Cash Equivalent		(1,413,866)	(20,952)
Cash and Cash Equivalents at the beginning of the Period		2,660,538	2,105,985
Cash and Cash Equivalent at the end of the Period		1,246,672	2,085,033

SCHEDULE OF PROPERTY PLANT AND EQUIPMENT
For the Period Ended 30 June, 2014

Cost/Valuation	Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicles	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
At 1 January 2014	3,084,350	732,123	1,058,301	67,901	127,207	225,657	5,295,539
Addition	-	-	50,398	555	10,501	6,500	67,954
Retirement	-	-	-	-	-	-	-
At 30 June, 2014	3,084,350	732,123	1,108,700	68,455	137,708	232,157	5,363,493
Depreciation and impairment							
At 1 January 2014	-	375,462	541,241	44,742	113,630	214,531	1,289,605
Retirement	-	-	-	-	-	-	-
Depreciation charge for the period	-	13,830	44,862	2,768	5,290	9,962	76,712
At 30 June, 2014	-	389,292	586,102	47,510	118,921	224,492	1,366,317
Carrying Value							
At 30 June, 2014	3,084,350	342,831	522,597	20,945	18,788	7,665	3,997,176
At 1 January 2014	3,084,350	356,661	517,061	23,159	13,577	11,126	4,005,934

SCHEDULE OF PROPERTY PLANT AND EQUIPMENT
For the Period Ended 30 June, 2013

	Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicles	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
At 1 January 2013	3,084,350	666,282	914,985	66,821	111,242	224,122	5,067,801
Addition	-	55,427	66,521	147	3,867	-	125,962
Retirement	-	-	-	-	-	-	-
As at 30 June, 2013	3,084,350	721,709	981,506	66,968	115,109	224,122	5,193,763
Depreciation and impairment							
At 1 January 2013	-	347,803	459,737	39,858	103,092	206,515	1,157,004
Retirement	-	-	-	-	-	-	-
Depreciation charge for the period	-	18,043	49,075	3,348	10,891	17,607	98,964
As at 30 June, 2013	-	365,845	508,812	43,206	113,984	224,122	1,255,968
Carrying Value							
As at 30 June, 2013	3,084,350	355,863	472,694	23,762	1,125	-	3,937,794
As at 1 January, 2013	3,084,350	318,479	455,248	26,963	8,150	17,607	3,910,797

NOTES TO THE ACCOUNTS

Note		30.6.14 =N='000	31.12.13 =N='000
2	Capital Work in Progress		
	At 1 January	884,423	386,285
	Additions in the period	239,179	498,138
	As at 30 June, 2014	<u>1,123,602</u>	<u>884,423</u>
	This represents on going renovation works on the Company's property		
3	Intangible Asset		
3.1	Computer Software		
	Cost/Valuation		
	At 1 January	11,094	11,094
	Additions in the period	6,027	-
	As at 30 June, 2014	<u>17,121</u>	<u>11,094</u>
3.2	Amortization		
	At 1 January	2,218	1,109
	Charge for the period	856	1,109
	As at 30 June, 2014	<u>3,074</u>	<u>2,218</u>
3.3	Carrying Value	<u>14,047</u>	<u>8,876</u>
4	Revenue		
	Room	1,847,778	2,224,583
	Food & Beverage	766,781	821,018
	Other operated Department	116,174	67,927
	Rental & Other Income	-	94,170
	Total	<u>2,730,732</u>	<u>3,207,698</u>
5	Cost of Sales		
	Rooms	340,320	376,028
	Food & Beverage	536,772	523,829
	Minor Operating Departments	39,557	34,040
	Power, heat & light	170,959	164,368
	Depreciation of PPE	76,712	98,964
	Total	<u>1,164,320</u>	<u>1,197,228</u>
6	Other Income		
	Gain on Disposal of Available for Sale Asset	1,025	6,570
		29,913	-
	Sundry Receipts	378	143
		<u>31,316</u>	<u>6,713</u>
7	Administrative Expenses	<u>1,245,811</u>	<u>1,084,823</u>

	30.6.14 =N='000	30.6.13 =N='000
8 Sales & Marketing Expenses	<u>137,470</u>	<u>153,689</u>
9 Finance Income and Finance Cost	30.6.14 =N='000	30.6.13 =N='000
Interest Income	-	-
Interest Expense	256,008	3,243
Net Finance Cost	<u>256,008</u>	<u>3,243</u>
Interest income represents interest earned on bank deposits while interest expense represents charges paid and/or payable on loans.		
10 Trade and Other Receivables	30.6.14 =N='000	31.12.13 =N='000
Allowances	2,155,598	698,066
Net Trade Receivables	<u>(70,075)</u>	<u>(70,075)</u>
Other Receivables	<u>2,085,523</u>	<u>627,991</u>
	127,764	10,252
	<u>2,213,287</u>	<u>638,243</u>
There is no material difference between the fair value of receivables and their carrying amount.		
11 Other Assets	30.6.14 =N='000	31.12.13 =N='000
Prepayments (Note 11.1)	141,701	34,042
Withholding tax receivables	623,077	623,077
Advances to Suppliers	-	294,248
Sheraton Brand Hotels	-	13,499
Advances to Employees	10,052	64,958
Total	<u>774,829</u>	<u>1,029,824</u>
Other receivables are expected to be recoverable		
11.1 Analysis of Prepayments		
P/P Hotel License	-	558
P/PM PC's Software	5,792	2,687
Prepaid Rent	19,622	10,528
Prepaid Maintenance	4,130	10,717
Prepaid Maintenance System	-	125
Prepaid Dues and Subscription	2,687	62
Prepaid Insurance	55,360	9,338
Prepaid Advertising	-	27
Prepaid Expenses - General	54,110	-
Total	<u>141,701</u>	<u>34,042</u>
12 Inventories	30.6.14 =N='000	31.12.13 =N='000
Food & Beverage	44,105	28,183
Maintenance Supplies	91,241	80,365
Operating Supplies	107,196	87,390
General Stores	17,498	35,325
Total	<u>260,040</u>	<u>231,263</u>

IKEJA HOTEL PLC (RC 10845)**Unaudited Interim Financial Statements**

		30.6.14	31.12.13
	\$'000	=N='000	=N='000
13 Loans and Receivables			
At 1 January	11,439	1,957,340	1,864,974
Interest Capitalised	572	-	93,207
Exchange Revaluation	-	-	(841)
	12,011	1,957,340	1,957,340
Loans and receivable relate to receivable from The Tourist Company of Nigeria Plc. The loans are denominated in US Dollars with no fixed term of repayment. Interest is capitalised at 5% per annum			
14 Due from Related Party		30.6.14	31.12.13
		=N='000	=N='000
G. M. Ibru		-	1,875
Nimbles Logistics Limited		20	20
Hans-Gremlin (Nigeria) Ltd.		482,355	481,835
BC Hubs Limited		8,458	-
Total		490,832	483,730
15 Cash & Cash Equivalents		30.6.14	31.12.13
		=N='000	=N='000
Cash in Hand		617,710	1,430
Cash at Bank		757,935	1,442,770
		1,375,646	1,444,200
Time Deposits		-	1,217,889
As per Statement of Financial position		1,375,646	2,662,089
16 Bank Overdraft		30.6.14	31.12.13
		=N='000	=N='000
		128,972	1,551
Total		128,972	-
17 Deferred Income		30.6.14	31.12.13
		=N='000	=N='000
		1,138,549	1,138,549
Deferred Income relates to interest income receivable from the loan to The Tourist Company of Nigeria Plc			
18 Trade and Other Payables		30.6.14	31.12.13
		=N='000	=N='000
Trade Payables		-	91,611
Accrued Expenses		713,634	252,696
Due to Starwood Eame License and Service Company		-	121,732
VAT Payables		13,553	17,148
Advance Deposit		166	1,908
Service Charge Distribution		30,453	39,280
Other Credit Balances		10,000	236,519
Total		767,805	760,894

IKEJA HOTEL PLC (RC 10845)**Unaudited Interim Financial Statements**

19 Other Liabilities	30.6.14	31.12.13
Due to Related Parties	=N='000	=N='000
Capital Hotel Plc	1,280,975	1,255,859
IHL Services limited	507,683	491,092
Alurum investment Ltd/Omamo Trust Limited	1,864,934	1,759,373
Minabo Limited	1,089,568	1,027,894
Federal Palace/SUN Current Account	7,509	-
G. M. Ibru	930,769	815,051
	5,681,438	5,349,269
	30.6.14	31.12.13
	=N='000	=N='000
20 Dividend		
At 1, January	16,691	16,691
As at 30 June, 2014	16,691	16,691
	30.6.14	31.12.13
	=N='000	=N='000
21 Taxation		
21.1 Current Tax Payable		
As at January	905,671	712,131
Payment during the period	(112,500)	(248,430)
Charge for the period (Note 21.3)	-	441,970
As at 30 June, 2014	793,171	905,671
21.2 Deferred Taxation		
At January	185,552	157,345
Write back/Charge in the period	-	28,207
At 30 June, 2014	185,552	185,552
21.3 Taxation Charges		
Income Tax	-	410,167
Education Tax	-	31,803
	-	441,970
Deferred Taxation	-	-
Income Statement	-	441,970
21.4 Reconciliation of Effective Tax Rate		
Profit before tax	(41,561)	921,120
	30.6.14	31.12.13
	=N='000	=N='000
23 Employee Benefits		
23.1 Defined Contribution		
At 1, January	-	-
Provision during the period	-	92,214
Payment during the period	-	(92,214)
At 30 June, 2014	-	-
Defined Benefits		
At 1, January	1,412,503	1,375,920
Current Service Cost	-	264,076
Past Service Cost	-	-
Interest Cost	-	161,185
Payment in the period	(7,365)	(353,570)
Actuarial Loss/(Gain)	-	(35,108)
At 30 June, 2014	1,405,138	1,412,503

IKEJA HOTEL PLC (RC 10845)**Unaudited Interim Financial Statements**

24	Share Capital	30.6.14	31.12.13
24.1	Authorised	=N='000	=N='000
	4,000,000,000 Ordinary shares of 50 kobo each	2,000,000	2,000,000
24.2	Issued and fully paid		
	At 1 January	1,039,398	1,039,398
	Adjustment in share capital	-	-
	At 30 June, 2014	1,039,398	1,039,398
	Number: 2,078,796,396 ordinary shares of 50 kobo each		
25	Share Premium Reserve	30.6.14	31.12.13
	At 1 January	=N='000	=N='000
	At 30 June, 2014	1,381,072	1,381,072
		1,381,072	1,381,072
26	Retained Earnings	30.6.14	31.12.13
	At 1 January	=N='000	=N='000
	Transfer from profit & loss account	4,950,215	4,038,756
	Actuarial (Gain)/Loss for the period	(41,561)	876,351
	At 30 June, 2014	-	35,108
		4,908,654	4,950,215
27	Investment in Subsidiary	30.6.14	31.12.13
	Hans Gremin Nigeria Limited	=N='000	=N='000
		4,440,919	4,440,919
28	Investment Accounted for the Equity Method	30.6.14	31.12.13
	At 1 January	=N='000	=N='000
	Additions in the period	798,722	798,722
	Disposed in the year	-	-
	At 30 June, 2014	-	-
		798,722	798,722

Investment in Joint Venture relates to 273,529,085 units of stock in The Tourist Company of Nig. Plc.

**Statement of Income Forecast
For The Period Ending 30 September, 2014**

	30.9.14
	=N='000
Turnover	4,505,708
Cost of Sales	<u>(1,862,912)</u>
Gross Operating Profit	2,642,796
Operating Expenses	<u>(2,163,144)</u>
Result from Operating Activities	479,652
Net finance costs	<u>(307,210)</u>
Profit/(Loss) before Taxation	172,442
Current Tax Expense	<u>(55,182)</u>
Profit for the period	<u><u>117,261</u></u>

**UNAUDITED RESULT FOR SIX MONTHS
ENDED 30 JUNE, 2014**

	30/06/2014 =N='000	30/06/2013 =N='000	% Change
TURNOVER	2,730,732	3,207,698	(14.87)
OPERATING PROFIT	214,447	778,670	(72.46)
FINANCE CHARGES	(256,008)	(3,243)	7,794.73
PROFIT/(LOSS) BEFORE TAX	(41,561)	775,427	(105.36)
TAXATION	-	(248,137)	(100.00)
PROFIT/(LOSS) AFTER TAX	(41,561)	527,290	(107.88)