

IKEJA HOTEL PLC (RC 10845)
Unaudited Interim Financial Statements

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Unaudited Interim Financial Statements
As at 31 March, 2014

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IKEJA HOTEL PLC

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IKEJA HOTEL PLC (RC 10845)

Unaudited Interim Financial Statements

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 31 March, 2014

	Notes	31.3.14	31.12.13
		=N='000	=N='000
Non-Current Assets			
Property, plant and equipment	1	3,984,649	4,005,936
Capital Work-in-Progress	2	995,765	884,423
Intangible Asset	3	8,599	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	490,964	483,730
Total Non-Current Assets		12,676,958	12,579,946
Current Assets			
Inventories	12	264,123	231,263
Trade and Other Receivables	10	2,164,322	638,243
Other Assets	11	653,645	1,029,824
Cash and Cash Equivalents	15	1,711,749	2,662,089
Total Current Assets		4,793,839	4,561,419
Total Assets		17,470,796	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	5,121,196	4,950,215
Total Equity & Reserves		7,541,666	7,370,685
Non-Current Liabilities			
Other Liabilities	19	5,391,369	5,349,269
Employee Benefits	23	1,405,138	1,412,503
Deferred Tax	21	185,552	185,552
Total Non-Current Liabilities		6,982,059	6,947,324
Current Liabilities			
Trade and Other Payables	18	585,952	760,894
Deferred Income	17	1,138,549	1,138,549
Dividend Payable	20	16,691	16,691
Bank Overdraft	16	219,746	1,551
Current Tax Payable	21	986,133	905,671
Total Current Liabilities		2,947,071	2,823,356
Total Liabilities		9,929,130	9,770,680
Total Equity and Liabilities		17,470,796	17,141,365

IKEJA HOTEL PLC (RC 10845)**Unaudited Interim Financial Statements****Statement of Comprehensive Income****For The Period Ended 31 March 2014**

	Note	31.3.14	31.3.13
		=N='000	=N='000
Turnover	4	1,522,794	1,597,621
Cost of Sales	5	(611,955)	(641,376)
Gross Operating Profit		910,838	956,245
Other Income	6	24,072	5,192
Sales and Distribution Expenses	8	(71,252)	(77,771)
Administrative Expenses	7	(608,033)	(539,980)
Result from Operating Activities		255,626	343,686
Finance income	9	-	-
Finance costs		(4,183)	(623)
Net finance costs		(4,183)	(623)
Profit before Taxation		251,443	343,063
Current Tax Expense	21	(80,462)	(109,780)
Profit for the period		170,981	233,283
Other Comprehensive Income for the Period		-	-
Total Comprehensive Income for the Period		170,981	233,283
Basic earnings per share (kobo)		8	11
Diluted earnings per share (kobo)		8	11

Statement of Changes in Equity
For the Period Ended 31 March 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	4,272,039	6,692,509
Changes in Equity for 2014				
Profit for the period	-	-	170,981	170,981
				-
Total Comprehensive Income for the period	-	-	170,981	170,981
Balance as at 31 March, 2014	1,039,398	1,381,072	4,443,020	6,863,490

At 31 December, 2012	1,039,398	1,381,072	4,038,756	6,459,226
Changes in Equity for 2013				
Profit for the year	-	-	233,283	233,283
				-
Total Comprehensive Income for the period	-	-	233,283	233,283
Balance as at 31 March, 2013	1,039,398	1,381,072	4,272,039	6,692,509

IKEJA HOTEL PLC (RC 10845)
Unaudited Interim Financial Statements
Condensed Statement of Cash Flows
For the Period Ended 31 March, 2014

	Notes	31.3.14 =N='000	31.3.13 =N='000
Profit After Tax		170,981	233,283
Adjustment for:			
Depreciation of PPE	1	44,287	33,680
Amortisation of Intangible Asset	3	277	277
Finance Costs	9	4,183	623
Income Tax Expense	21	80,462	109,780
		300,190	377,643
Changes in:			
Inventories	12	(32,860)	15,487
Trade and Other Receivables	10	(1,526,079)	(362,528)
Other Assets	11	376,179	(3,052)
Due from Related Party	14	(7,234)	-
Employee Benefits		(7,365)	(5,295)
Trade and Other Payables	18	(174,941)	3,111
Other Liabilities	19	42,100	239,749
Cash generated from Operating Activities		(1,030,010)	265,114
Income tax paid		-	(156,023)
Net Cash from Operating Activities		(1,030,010)	109,091
Cash Flows from Investing Activities			
Purchase of PPE	1	(23,002)	(34,577)
Additions to Capital Work in Progress	2	(111,342)	(243,841)
Net Cash Flows used in Investing Activities		(134,344)	(278,418)
Cash Flows from Financing Activities			
Finance Costs	9	(4,183)	(623)
Net Cash Flows used in Financing Activities		(4,183)	(623)
Net Increase in Cash and Cash Equivalent		(1,168,538)	(169,950)
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		1,492,000	1,936,035

**Schedule of Property, Plant and Equipment
For the Period Ended 31 March, 2014**

1

At 1st January 2014

Addition

Retirement

At 31 March, 2014
Depreciation and impairment

At 1st January 2014

Retirement

Depreciation charge for the period

At 31 March, 2014
Carrying Amount
At 31 March, 2014
At 1 January 2014

Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicle	Total
N'000	N'000	N'000	N'000	N'000	N'000	N'000
3,084,350	732,123	1,058,301	67,901	127,207	225,657	5,295,539
-	-	18,112	495	4,396	-	23,002
-	-	-	-	-	-	-
3,084,350	732,123	1,076,414	68,395	131,603	225,657	5,318,541
-	375,462	541,241	44,742	113,630	214,531	1,289,605
-	-	-	-	-	-	-
-	6,915	24,110	1,636	3,122	8,504	44,287
-	382,377	565,350	46,378	116,752	223,035	1,333,892
3,084,350	349,746	511,063	22,018	14,850	2,622	3,984,649
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 31 March, 2013

At 1 January 2013

Addition

Retirement

As at 31 March, 2013
Depreciation and impairment

At 1 January 2013

Retirement

Depreciation charge for the period

As at 31 March, 2013
Carrying Value
As at 31 March, 2013
As at 1 January 2013

Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicles	Total
3,084,350	666,282	914,985	66,821	111,242	224,122	5,067,801
-	20,602	12,548	147	1,280	-	34,577
-	-	-	-	-	-	-
3,084,350	686,883	927,533	66,968	112,522	224,122	5,102,378
-	347,803	459,737	39,858	103,092	206,515	1,157,004
-	-	-	-	-	-	-
-	6,915	20,376	1,213	2,432	2,743	33,680
-	354,717	480,113	41,071	105,524	209,258	1,190,684
3,084,350	332,166	447,420	25,897	6,997	14,863	3,911,694
3,084,350	318,479	455,248	26,963	8,150	17,607	3,910,797

NOTES TO THE ACCOUNTS

		31.3.14	31.12.13
		=N='000	=N='000
2	Capital Work-in-Progress		
	At 1 January	884,423	386,285
	Additions in the period	111,342	498,138
	At 31 March, 2014	995,765	884,423
	This represents on going renovation works on the Company's property		
3	Intangible Asset		
3.1	Computer Software	31.3.14	31.12.13
	Cost/Valuation	=N='000	=N='000
	At 1 January	11,094	11,094
	Additions in the period	-	-
	At 31 March, 2014	11,094	11,094
3.2	Amortization		
	At 1 January	2,218	1,109
	Charge for the period	277	1,109
	At 31 March, 2014	2,495	2,218
3.3	Carrying Value	8,599	8,876
4	Revenue	31.3.14	31.3.13
		=N='000	=N='000
	Rooms	1,037,090	1,115,155
	Food & Beverage	417,601	398,655
	Minor Operating Departments	68,103	35,753
	Rental & Other Income	-	48,058
	Total	1,522,794	1,597,621
5	Cost of Sales	31.3.14	31.3.13
		=N='000	=N='000
	Rooms	183,639	181,851
	Food & Beverage	276,213	250,283
	Minor Operating Departments	21,884	17,824
	Power, heat & light	85,933	157,738
	Depreciation of PPE	44,287	33,680
	Total	611,955	641,376
6	Other Income	31.3.14	31.3.13
		=N='000	=N='000
	Gain on Disposal of Available for Sale Asset	150	-
	Sundry Receipts	29	49
	Sales of Scrap	23,892	5,142
		24,072	5,192
7	Administrative Expenses	31.3.14	31.3.13
		=N='000	=N='000
		608,033	539,980
8	Sales & Marketing Expenses	31.3.14	31.3.13
		=N='000	=N='000
		71,252	77,771

Unaudited Interim Financial Statements

	31.3.14	31.3.13
	=N='000	=N='000
9 Finance Income and Finance Cost		
Interest Income	-	-
Interest Expense	4,183	623
Net Finance Cost	<u>4,183</u>	<u>623</u>
Interest income represents interest earned on bank deposits while interest expense represents charges paid and/or payable on loans.		
	31.3.14	31.12.13
	=N='000	=N='000
10 Trade and Other Receivables	2,074,824	698,066
Allowances for Impairment Losses	-	(70,075)
Net Trade Receivables	<u>2,074,824</u>	<u>627,991</u>
Other Receivables	89,498	10,252
	<u>2,164,322</u>	<u>638,243</u>
There is no material difference between the fair value of receivables and their carrying amount.		
	31.3.14	31.12.13
	=N='000	=N='000
11 Other Assets		
Prepayments (Note 11.1)	171,489	34,042
Withholding tax receivables	463,077	623,077
Advances to Suppliers	-	294,248
Sheraton Brand Hotels	-	13,499
Advances to Employees	19,080	64,958
Total	<u>653,645</u>	<u>1,029,824</u>
11.1 Analysis of Prepayments		
P/P Hotel License	-	558
P/PM PC's Software	3,377	2,687
Prepaid Rent	12,033	10,528
Prepaid Maintenance	6,668	10,717
Prepaid Maintenance System	3,377	125
Prepaid Dues and Subscription	-	62
Prepaid Insurance	61,353	9,338
Prepaid Advertising	-	27
Prepaid Expenses - General	84,681	-
Total	<u>171,489</u>	<u>34,042</u>
	31.3.14	31.12.13
	=N='000	=N='000
12 Inventories		
Food & Beverage	44,146	28,183
Maintenance Supplies	98,263	80,365
Operating Supplies	108,327	87,390
General Stores	13,387	35,325
Total	<u>264,123</u>	<u>231,263</u>
	31.3.14	31.12.13
	=N='000	=N='000
13 Loans and Receivables		
At 1 January	1,957,340	1,864,974
Interest Capitalised	-	93,207
Exchange Revaluation	-	(841)
	<u>1,957,340</u>	<u>1,957,340</u>

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.

		31.3.14	31.12.13
		=N='000	=N='000
14	Due from Related Party		
	G. M. Ibru	521	1,875
	Nimbles Logistics Limited	20	20
	Hans-Gremlin (Nigera) Ltd.	481,965	481,835
	BC Hubs Limited	8,458	-
	Total	490,964	483,730
	The carrying amount of loans and receivables and due from related party are considered to be in line with their fair value at the reporting date.		
		31.3.14	31.12.13
		=N='000	=N='000
15	Cash & Cash Equivalents		
	Cash in Hand	943,064	1,430
	Cash at Bank	768,685	1,442,770
		1,711,749	1,444,200
	Time Deposits	-	1,217,889
	As per Statement of Financial position	1,711,749	2,662,089
		31.3.14	31.12.13
		=N='000	=N='000
16	Bank Overdraft	219,746	1,551
		31.3.14	31.12.13
		=N='000	=N='000
17	Deferred Income	1,138,549	1,138,549
	Deferred Income relates to interest income receivable from the loan to The Tourist Company of Nigeria Plc		
		31.3.14	31.12.13
		=N='000	=N='000
18	Trade and Other Payables		
	Trade Payables	-	91,611
	Accrued Expenses	529,415	252,696
	Due to Starwood Eame License and Service Company	-	121,732
	VAT Payables	17,971	17,148
	Advance Deposit	789	1,908
	Service Charge Distribution	37,753	39,280
	Other Credit Balances	24	236,519
	Total	585,952	760,894
19	Other Liabilities	31.3.14	31.12.13
19.1	Due to Related Parties	=N='000	=N='000
	Capital Hotel Plc	1,255,859	1,255,859
	IHL Services limited	500,183	491,092
	Alurum investment Ltd/Omamo Trust Limited	1,759,373	1,759,373
	Minabo Limited	1,027,894	1,027,894
	Federal Palace	7,509	-
	G. M. Ibru	840,552	815,051
		5,391,369	5,349,269

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

		31.3.14	31.12.13
		=N='000	=N='000
20	Dividend		
	At 1, January	16,691	16,691
	At 31 March, 2014	<u>16,691</u>	<u>16,691</u>
21	Taxation	31.3.14	31.12.13
21.1	Current Tax Payable	=N='000	=N='000
	As at January	905,671	712,131
	Payment during the period	-	(248,430)
	Charge for the period (Note 21.3)	80,462	441,970
	At 31 March, 2014	<u>986,133</u>	<u>905,671</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, CAP E4, LFN 2004 as amended.		
21.2	Deferred Taxation		
	At January	185,552	157,345
	Write back/Charge in the period - (Note 21.3)	-	28,207
	At 31 March, 2014	<u>185,552</u>	<u>185,552</u>
21.3	Taxation Charges		
	Income Tax	75,433	410,167
	Education Tax	5,029	31,803
		<u>80,462</u>	<u>441,970</u>
	Deferred Taxation	-	-
	Income Statement	<u>80,462</u>	<u>441,970</u>
21.4	Reconciliation of Effective Tax Rate		
	Profit before tax	<u>251,443</u>	<u>1,369,361</u>
	Tax @ 30%	75,433	410,808
	Deductable Items	-	94,219
	Balancing Charge	-	150
	Capital Allowance	-	(222,904)
	Education Tax	5,029	29,275
	Deferred Tax Effect	-	(28,207)
	Tax Expense for the Period	<u>80,462</u>	<u>283,341</u>
	Profit after Tax	<u>170,981</u>	<u>1,086,020</u>
		31.3.14	31.12.13
		=N='000	=N='000
22	Borrowings		
	At 1 January	-	7,365
	Repayment in the Period	-	(7,365)
	Total	<u>-</u>	<u>-</u>

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 plus 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.

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

	Employee Benefits		
23	Defined Contribution	31.3.14	31.12.13
	Defined Benefits	=N='000	=N='000
	At 1, January	1,412,503	1,375,920
	Current Service Cost	-	264,076
	Interest Cost	-	161,185
	Payment in the period	(7,365)	(353,570)
	Actuarial Loss/(Gain)	-	(35,108)
	At 31st March, 2014	<u>1,405,138</u>	<u>1,412,503</u>
24	Share Capital	31.3.14	31.12.13
24.1	Authorised	=N='000	=N='000
	4,000,000,000 Ordinary shares of 50 kobo each	<u>2,000,000</u>	<u>2,000,000</u>
24.2	Issued and fully paid	31.3.14	31.12.13
	At 1 January	=N='000	=N='000
	Adjustment in share capital	1,039,398	1,039,398
	At 31st March, 2014	-	-
	Number: 2,078,796,396 ordinary shares of 50 kobo each	<u>1,039,398</u>	<u>1,039,398</u>
25	Share Premium Reserve	31.3.14	31.12.13
	At 1 January	=N='000	=N='000
	Adjustment in share capital	1,381,072	1,381,072
	At 31st March, 2014	-	-
		<u>1,381,072</u>	<u>1,381,072</u>
26	Retained Earnings	31.3.14	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	170,981	876,351
	At 31st March, 2014	-	35,108
		<u>5,121,196</u>	<u>4,950,215</u>
27	Investment in Subsidiary	31.3.14	31.12.13
	Hans Gremin Nigeria Limited	=N='000	=N='000
		4,440,919	4,440,919
28	Investment Accounted for the Equity Method	31.3.14	31.12.13
	At 1 January	=N='000	=N='000
	At 31st December, 2013	798,722	798,722
		<u>798,722</u>	<u>798,722</u>
	Investment in Joint Venture relates to 273,529,085 units of stock in The Tourist Co. of Nig. Plc		

IKEJA HOTEL PLC (RC 10845)
Unaudited Interim Financial Statements

**Statement of Comprehensive Income Forecast
For The Period Ended 31 March 2014**

	30.6.14
	=N='000
Turnover	2,588,750
Cost of Sales	<u>(1,162,715)</u>
Gross Operating Profit	1,426,035
Operating Expenses	<u>(1,277,665)</u>
Result from Operating Activities	148,370
Net finance costs	<u>(62,745)</u>
Profit/(Loss) before Taxation	85,625
Current Tax Expense	<u>(27,400)</u>
Profit for the period	<u><u>58,225</u></u>

IKEJA HOTEL PLC (RC 10845)

Unaudited Interim Financial Statements

**UNAUDITED RESULT FOR THREE MONTHS
ENDED 31 MARCH, 2014**

	31/03/2014 =N='000	31/03/2013 =N='000	% Change
TURNOVER	1,522,794	1,597,621	(4.68)
OPERATING PROFIT	255,626	343,686	(25.62)
FINANCE CHARGES	(4,183)	(623)	571.42
PROFIT/(LOSS) BEFORE TAX	251,443	343,063	(26.71)
TAXATION	(80,462)	(109,780)	(26.71)
PROFIT/(LOSS) AFTER TAX	170,981	233,283	(26.71)