

The Tourist Company of Nigeria Plc

Financial Statements – 30 June 2014

Together with Directors' and Independent Auditor's Reports

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Company Profile

The Tourist Company of Nigeria ("Company") was incorporated on 10 April 1964 as The Tourist Company of Nigeria Limited, at that stage wholly-owned by the Federal Government of Nigeria, to acquire the Federal Palace Hotel ("the Palace Hotel"). The Palace Hotel, built at the dawn of Nigeria's independence in 1960, was previously owned by Victoria Beach Hotel Limited, a member of the AG Leventis group. The Company was converted to a public liability company on 20 April 1994, when it also assumed its present name.

The Palace Hotel was designed and built to a very high standard: it was to be, and indeed it was, the premier international hotel in the country at the time. It is worth noting that the celebration of Nigeria's independence from the United Kingdom took place in the Hotel's Independence Hall in 1960.

The 15 floor Suites Hotel (also known as the Towers) was built to coincide with the Summit of the Heads of State of the African Union and the Festival of African Arts and Culture, held in Nigeria in 1977.

In 1992, Ikeja Hotel Plc, in association with another investor (collectively the "Ikeja Hotel Group") acquired The Tourist Company of Nigeria Plc from the Federal Government. In 2009 and 2010, Sun International Limited acquired a substantial shareholding in the Company, thereby becoming an equal shareholder with the Ikeja Hotel Group of shareholders.

Following the acquisition of the Company from the Federal Government, a comprehensive and phased refurbishment of the Palace Hotel was undertaken and it was re-opened in July 2008. The Towers Hotel was closed for refurbishment in June 2009 and has yet to be re-opened. A modern casino was opened in December 2009, a new banqueting facility in January 2010, and the Pool Club in September 2010.

Financial Highlights

	As at 30 June 2014	As at 30 June 2013	% Increase / (Decrease)
	N'000	N'000	
Major statement of financial position items			
Non-current assets	9,342,010	9,648,752	(3)
Current assets	1,255,878	1,439,408	(13)
Capital and reserves/Net assets	1,203,853	1,806,400	(33)
Non-current liabilities	8,158,540	7,762,355	5
Current liabilities	1,235,495	1,519,405	(19)
Net assets per share (kobo)	54	80	(33)

	Year ended 30 June 2014	Year ended 30 June 2013	% Increase/ (Decrease)
	N'000	N'000	
Major statement of comprehensive income items			
Revenue	3,386,066	3,458,485	(2)
Loss before taxation	(602,547)	(263,844)	(128)
Taxation	-	388,894	(100)
(Loss)/profit after taxation	(602,547)	125,050	(582)
(Loss)/profit per share- basic (kobo)	(27)	6	(550)

Stock Exchange Information

Stock exchange quotation at 30 June			
In Naira per share	N3.88	N4.08	(5)
Number of shares issued ('000)	2,246,437	2,246,437	-
Market capitalisation at 30 June (N'000)	8,716,176	9,165,463	(5)

Corporate Information

Board of Directors

Mr Goodie M Ibru, OON - Chairman
Mr Yakubu Disu
Senator Felix O, Ibru, CON
Sir Richard C Hawkins Bt,* (Appointed 2 September 2013)
Mr. Anthony M Lemming*
Mr David R Mokhobo*

** South African*

Secretary and registered office

IHL Services Limited
84, Opebi Road
Ikeja
Lagos

Independent Auditors

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos

Members of the Audit Committee:

Representing the shareholders:
Mr Bolaji B Banjo, - Chairman
Chief Victor C N Oyolu
Mrs Temilade F Durojaiye

Representing the board of directors:

Mr Yakubu Disu
Mr David R Mokhobo

Solicitors

GM Ibru & Co
Circular Suite, 10th Floor
Federal Palace Towers Hotel
6-8 Ahmadu Bello Way
Victoria Island
Lagos

Adepetun Caxton-Martins Agbor & Segun
9th Floor, St Nicholas House
Catholic Mission Street
Lagos

Registrar and transfer office

Union Registrars Limited
2, Burma Road
Apapa, Lagos

Hotel and Casino Operators

Sun International Management Limited
6 Sandown Crescent
Sandton
Republic of South Africa

Principal Banker

Stanbic IBTC Bank Plc
Plot 1712
Idejo Street
Victoria Island
Lagos

Shareholder Information

HISTORY OF SHARE CAPITAL CHANGES

Date	Authorised (Naira) Increase	Cumulative Increase	Issued and fully paid	Cumulative	Consideration
11 April 1964	200	200	200	200	Cash
8 July 1985	10,699,800	10,700,000	10,699,800	10,700,000	Cash
6 June 1991	16,920,000	27,620,000	16,920,000	27,620,000	Cash
14 November 1991	602,280	28,222,280	602,280	28,222,280	Cash
3 December 1993	471,777,720	500,000,000	452,703,720	480,926,000	Cash
31 May 2000	500,000,000	1,000,000,000	-	480,926,000	
18 June 2002	-	1,000,000,000	88,223,412	569,149,412	Cash
1 December 2008	1,000,000,000	2,000,000,000	-	480,926,000	
10 May 2010	-	2,000,000,000	554,071,324	1,123,220,736	Cash

SHARE CAPITAL ANALYSIS AS AT 30 JUNE 2014

Range of shareholding	Number of shareholders	% of total shareholder	Total number of shares held	% shareholding
1 - 1,000	3,123	68.93	2,077,269	0.09
1,001 - 5,000	1,129	24.92	2,938,983	0.13
5,001 - 10,000	135	2.98	1,195,659	0.05
10,001 - 50,000	89	1.96	2,144,607	0.10
50,001 - 100,000	17	0.38	1,437,949	0.06
100,001 - 500,000	22	0.49	6,012,241	0.27
500,001 - 1,000,000	3	0.07	2,265,772	0.10
1,000,001 - and above	13	0.29	2,228,364,992	99.20
	4,531	100.00	2,246,437,472	100.00

Chairman's Report

For the year ended 30 June 2014

Operating environment

The socio-political climate in the country remained challenging, with little or no improvement from the previous year. The trading environment has been harsh and there have been several factors, across the socio-political and business spectrums, which have negatively influenced inbound corporate and the local domestic leisure travel markets in Nigeria.

The security situation was once again dominated by the Boko Haram insurgency and constitutes the largest threat to the political stability of the country. The Federal Government came under pressure for not acting quickly enough on the kidnapping of school girls in Chibok, Borno State in April 2014 and for not being able to contain the activities of BoKo Haram which have caused the loss of many lives.

The World Bank has stated that the emergence of Nigeria as the biggest economy in Africa following the re-basing of the GDP may not necessarily translate into financial inflows, unless there are good policies and prospects to entice potential foreign investors. The bank also pointed out that the re-based GDP estimates have revealed a larger, more dynamic and complex economy than the previous statistics showed. The bank stressed that macroeconomic risks remain due to uncertainty about future oil output, oil prices, and short term capital flows.

The implementation of the capital budget was adversely affected as only half of the federal capital budget was made available to line ministries by the end of September 2013 for the implementation of investment projects. Declining oil revenues have placed increasing pressures on government budgets. As of the second half of the year, total federation revenues available for sharing by the three tiers of government fell short of projections by 21%. The balance of the fiscal reserve of the country (Excess Crude Account) declined from over \$9 billion in early 2013 to \$5 billion by mid-year.

Early indications from the 2014-2016 Medium Term Expenditure Frameworks (MTEF) point towards a significant fiscal contraction in 2014 although the MTEF is still under consideration by the National Assembly. However, the forthcoming presidential elections will also make compressing budgetary expenditures quite difficult in 2014.

In the power sector, President Jonathan handed over licences to the new owners of the 15 Electricity Distribution Companies unbundled from Power Holding Company of Nigeria (PHCN) after successor companies made full payment of bid amounts. Electricity consumers' expectations to see an improvement in power supply may not manifest if vandalisation of oil and gas pipelines remains unchecked. Power generation in the country still averages 3,800 megawatts (MW) due to pipeline vandalisation. Pipeline vandalisation has been a major threat to the nation's growth prospects as its implication ranges from economic to social and political.

The pre-election environment will pose some particular challenges for sustaining reforms and notably prudent fiscal policy. During the run-up to the 2011 elections, a major fiscal expansion almost destabilized the economy. Growth continued to be broad based, oriented primarily toward the domestic market, and driven by strong performance of the agricultural, trade, telecommunications, and manufacturing sectors.

However, strong economic growth has not translated into higher employment rates. Employment remains a major issue with an estimated 50 million underemployed youths. The government has expressed determination to make job creation central to its economic strategy and has specifically targeted the information, communication, technology (ICT), entertainment, meat, leather, construction and tourism sectors.

Company Performance

The Company's revenue for the financial year ended 30 June 2014 declined by 2.0% to ₦3.4 billion while the operating profit decreased by 276%. Difficult trading conditions caused by increased competition in the sector and the economic impact of the security challenges influenced the results negatively.

The Company has two business segments, namely Hotel and Casino operations. The results of these segments are set out fully in the financial statements.

Casino revenues showed no growth. The Casino's table games have increased revenue which offset the decline in slots revenues. The gross profit increased by 13.9%, benefitting from a reduction in the gaming levy. Although unlicensed casinos continue to operate in the Victoria Island/Ikoyi/Lekki axis and provide competition, Federal Palace Casino remains the pre-eminent casino and market leader in Nigeria.

Hotel revenues decreased 3.6% from the previous year due to lower room occupancy and average rate, resulting in a decrease in gross profit of 5.9%.

Indirect costs increased by 17.6% as provisions reversed in the prior year did not repeat in the year under review. The supply of electricity off the national grid continued to deteriorate, adding significantly to the Company's energy costs.

The Company incurred a comprehensive loss of N603 million after interest and tax. The prior year results had benefited from the N389 million tax reversal resulting from the granting of Pioneer Status.

Development Projects

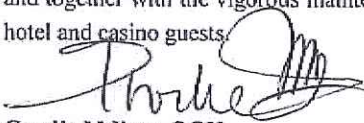
No major development projects were undertaken at the Federal Palace complex during the financial year.

Future Outlook

The competition within the Lagos hospitality industry has escalated with the opening of new hotels in close proximity to the Federal Palace Hotel and perpetuates the room rate discount spiral. The consistency of the hospitality offering has seen the room occupancy and room rates stabilise and management focus is on growth in both segments.

The Federal Palace Casino continues to experience competition from unlicensed casinos, but remains the market leader by employing the best technology and ever evolving table games and incomparable promotional activities.

The Federal Palace Hotel & Casino has maintained the high operating standards which it has become known for. The beautiful gardens and grounds have given the Federal Palace an unattainable distinction above other hotels on Victoria Island and together with the vigorous maintenance and housekeeping routines, the hotel remains a popular choice for distinguished hotel and casino guests.



Goodie M Ibru, OON
Chairman

FRC/2013/NIM/00000003510

Directors' Report

For the year ended 30 June 2014

The Directors are pleased to present its report to the members of the Company, their annual report together with the audited financial statements of the Company for the year ended 30 June 2014.

Legal Form & Principal Activities

The Company was incorporated in Nigeria as a private Company on 10 April 1964 and was converted to a public liability company on 20 April 1994.

Principal activities

The principal activities of the Company are the operation of gaming and hospitality businesses.

Operating results for the year

The following is a summary of the Company's operating results;

	2014 N'000	2013 N'000
Revenue	3,386,066	3,458,485
Loss before taxation	(602,547)	(263,844)
Taxation	-	388,894
Total comprehensive income for the year	(602,547)	125,050

Property, plant and equipment

New capital work in progress during the year amounted to N290 million. Completed capital work in progress transferred to property, plant and equipment during the year totaled N276 million. Details of movements in the property, plant and equipment are shown in note 11 to the financial statements. The directors are of the opinion that the Company's property, plant and equipment are valued at amounts not lower than prevailing market values.

Dividend

The Company has not declared or paid any dividends for the year under review, and no dividend is proposed. (2013: Nil).

Retirement of directors by rotation

In accordance with the articles of association of the Company, Mr. Goodie M. Ibru, OON and Senator Felix O. Ibru, CON retire by rotation at the annual general meeting. The retiring directors are eligible for re-election and have accordingly offered themselves for re-election.

Substantial shareholdings

As at 30 June 2014, the following shareholders held more than 5% of the issued share capital of the Company.

	No. of shares	%
Sun International Limited	1,108,138,647	49.33
Associated Ventures International Limited	419,408,169	18.68
Oma Investments Limited	405,614,547	18.06
Ikeja Hotels Plc	273,529,085	12.18

Directors' interests in shares

The direct and indirect interests of directors in the issued share capital of the Company, as recorded in the register of members at 30 June 2014, are as follows:

		Number of shares held	
		Direct	Indirect
Mr. Goodie M Ibru, OON	Note 1	-	419,408,169
Mr. Yakubu A Disu		110,000	-
Senator Felix O, Ibru, CON		9,114,421	-
Mr. John A Lee (resigned 1 September 2013)		-	-
Sir Richard C Hawkins Bt (appointed 2 September 2013)		-	-
Mr. Anthony M Leeming		-	-
Mr. David R Mokhobo		-	-

Note 1- Held through Associated Ventures International Limited.

Corporate Governance

The Company continues to subscribe to the highest principles of good corporate governance. An outline of the Company's current corporate governance structure and practices is provided below:

– Board of Directors

The directors are responsible for the corporate governance of the Company.

The directors have a responsibility to ensure that proper accounting records are kept, and that the financial status of the Company is at all times disclosed with reasonable accuracy. The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011. In this regard, the responsibility of the directors includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors are also responsible for protecting the Company's assets and taking reasonable steps for preventing and detecting fraud and other malpractices with regard to the Company's affairs.

The affairs of the Company are structured for management by a board of eight directors. As at the date of this report the board consisted of six directors. The board meets regularly to decide on policy matters and direct the affairs of the Company. During these meetings, the directors also review the Company's performance, operations and finances, and set standards for the ethical conduct of the Company's business.

The directors who served during the financial year and to the date of this report were:

Mr. Goodie M Ibru, OON (Chairman)	
Mr. Yakubu A Disu	
Senator Felix O Ibru, CON	
Mr. John A Lee	Resigned 1 September 2013
Sir Richard C Hawkins Bt	Appointed 2 September 2013
Mr. Anthony M Leeming	
Mr. David R Mokhobo	

The board met twice during the financial year (on 30 October 2013 and 12 February 2014). In accordance with Section 258(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the record of directors' attendance at board meetings held during the financial year under review is set out below:

Name	No. attended
Mr. Goodie M Ibru	2
Mr. Yakubu A Disu	2
Senator Felix O Ibru	0
Mr. John A Lee	0
Sir. Richard C Hawkins Bt	2
Mr. Anthony M Leeming	1
Mr. David R Mokhobo	2

– **Audit Committee**

In accordance with Section 359(3) of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Company has an audit committee comprising three directors and three representatives of the shareholders. The audit committee carries out its functions as set out in section 359(6) of the Companies and Allied Matters Act, CAP C20, LFN 2004 and according to its approved terms of reference. During the financial year under review, the audit committee members were comprised as follows:

• *Representing the Shareholders:*

Mr. Bolaji O Banjo (Chairman)
 Chief Victor C N Oyolu
 Mrs. Temilade F Durojaiye

• *Representing the board of directors:*

Mr. Yakubu A Disu
 Mr. David R Mokhobo

The Audit Committee met three times during the financial year. The number of meetings attended by each member is indicated below:

Name	No. attended
Mr Bolaji O Banjo	3
Chief Victor C N Oyolu	2
Mrs Temilade F Durojaiye	2
My Yakubu A Disu	2
Mr David R Mokhobo	2

– **Other Committees**

In addition to the Audit Committee, the board has two other committees, namely a Finance Committee and a Capital Projects Committee, which meet regularly. These committees operate according to approved terms of reference. The composition of the committees is as follows:

• **Finance Committee:**

Mr. Yakubu A Disu (Chairman)
 Sir Richard C Hawkins Bt
 Mr. David R Mokhobo

The Finance Committee did not meet during the financial year as the financial issues were adequately dealt with by the board of directors.

• **Capital Projects Committee:**

Mr. Yakubu A Disu (Chairman)
 Senator Felix O Ibru
 Sir Richard C Hawkins Bt
 Mr. David R Mokhobo

The capital projects committee did not meet during the financial year as there were no capital projects to consider.

Internal Audit

The internal audit function is performed by the internal audit department of the Company's management company, Sun International Management Limited. A systematic, disciplined and risk-based approach is adopted to evaluate and improve the effectiveness of internal controls and governance processes in the areas that are audited (generally twice per annum).

Risk Management

The Company's executive management has established a risk committee, which is overseen by the board of directors of the Company. The risk committee assesses the risks to the Company on an annual basis and reviews the effectiveness of any mitigating actions and controls for risks identified, on a quarterly basis. This is reported to meetings of the audit committee and the board of directors.

Delegation of Authority

The Company has an approved delegation of authority framework of matters that can be delegated to Sun International Management Limited and the Company's executive management, and those matters reserved for the board.

Directors' interests in contracts

Directors are required to disclose any interests they may have in contracts to be entered into by the Company, prior to the consideration of those proposed contracts by the board. None of the directors has notified the Company, for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, of any interest in new contracts deliberated upon during the period under review. Further information on directors' interests in contracts entered into in the current and prior years is provided in note 23 to the annual financial statements.

Management, technical and service agreements

The Company has:

- (a) an operating management agreement with Sun International Management Limited for the management of the Federal Palace Hotel & Casino. The agreement has been approved by the National Office for Technical Acquisition and Promotion;
- (b) a development management and technical service agreement with Sun International Management Limited for the provision of technical services to the Company. The agreement has been approved by the National Office for Technical Acquisition and Promotion; and
- (c) an agreement with Ikeja Hotel Plc to provide support services to the Company.

Subsequent events

No material events having an effect on the financial position and results of the Company have occurred between 30 June 2014 and the date of this report.

Employment and employees

(a) *Employment of physically challenged persons*

The Company had four (4) physically challenged employees as at 30 June 2014 (2013: Nil) but has an employment policy that precludes discrimination against the physically challenged. For employees of the Company who become physically challenged, arrangements are available to retrain them for alternative work within the Company.

(b) *Health and safety*

The Company requires all staff to join an approved medical aid scheme. A daily meal is provided to staff while on duty. The Company is also very conscious of the safety requirements both of its guests and employees, and stringent precautions are taken to ensure this. It has a Health and Safety Committee (comprising management and staff), whose members receive regular training in the areas of health and safety.

(c) Employees' involvement and training

Employees are regularly provided with information on matters concerning the Company and their welfare. Management holds regular formal and informal meetings with the staff, aimed at ensuring positive labour relations throughout the year. Employees are given regular training on the job and on occasion in other hotels in the Sun International Limited group, to equip them with the requisite skills and knowledge required for the efficient performance of their duties.

Nigerian Stock Exchange regulations

In terms of the Nigerian Stock Exchange regulations the Company is required to either increase its free float of shares or delist from the exchange. The Board of Directors is currently considering its options.

Donations

The Company did not make any donations for the year under review (2013: ₦200,000). In compliance with Section 38(2) of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose during the 2014 financial year (2013: ₦0).

Auditors

Messrs. KPMG Professional Services have indicated their willingness to continue in office as independent auditors of the Company in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2004.

By Order of the Board


Mr. SAI Akinsanya

For IHL Services Limited
(FRC/2013/ICSAN/00000004773)
Company Secretary
18 September 2014

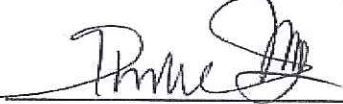
Statement of Directors' Responsibilities
for the year ended 30 June 2014

The directors accept responsibility for the preparation of the annual financial statements set out on pages 16 to 52 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

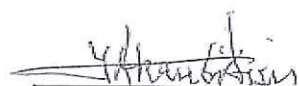
The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


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

18 September 2014


Mr. Yakubu Disu
FRC/2013/NIM/00000004982

18 September 2014

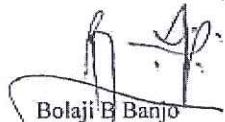
Report of the Audit Committee

For the year ended 30 June 2014

In compliance with Section 359 (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, we have reviewed the Auditors' Report for the year ended 30 June 2014. We hereby report that:

1. The accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
2. The scope and planning of the external audit for the year ended 30 June 2014 were, in our opinion, adequate.
3. The Company maintained effective systems of accounting and internal controls during the year.
4. The external auditors' findings and recommendations on management matters were satisfactorily dealt with by management.

The Independent Auditors confirmed management's full cooperation in the course of the performance of their duties and that they were not limited in any way by the Company and its management.



Bolaji B Banjo
(ERC/2013/CIN/00000004669)
Chairman, Audit Committee
17 September 2014

Members of the Committee:

Representing the shareholders:

Mr. Bolaji B Banjo, (Chairman)

Chief Victor C N Oyolu

Mrs. Temilade F Durojaiye

Representing the board of directors:

Mr. Yakubu Disu

Mr. David R. Mokhobo



KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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Fax 234 (1) 271 0540
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Members of The Tourist Company of Nigeria Plc

Report on the Financial Statements

We have audited the accompanying financial statements of The Tourist Company of Nigeria Plc ("the Company"), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 49.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the directors, as well as evaluating the overall presentation of the 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, these financial statements give a true and fair view of the financial position of The Tourist Company of Nigeria Plc ("the Company") as at 30 June 2014, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

Emphasis of Matter

We draw attention to Note 28(d) to the financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the company by a shareholder and a related party. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the statement of financial position and the statement of comprehensive income are in agreement with the books of account.

Signed:

Goodluck C. Obi, FCA
FRC/2012/CAN/00000000442
For: KPMG Professional Services
Chartered Accountants
24 September 2014
Lagos

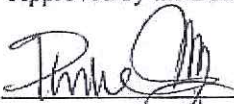


Statement of Financial Position

As at 30 June

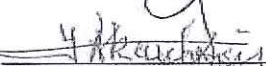
	Notes	2014 N'000	2013 N'000
Assets			
Property, plant and equipment	11	9,306,452	9,604,781
Intangible assets	12	35,558	43,971
Total non-current assets		9,342,010	9,648,752
Inventories	13	86,123	79,584
Trade and other receivables	14	366,058	376,832
Prepayments		43,480	164,833
Cash and cash equivalents	19	760,217	818,159
Total current assets		1,255,878	1,439,408
Total assets		10,597,888	11,088,160
Equity			
Share capital	15	1,123,220	1,123,220
Share premium	15	4,132,763	4,132,763
Accumulated loss		(4,052,130)	(3,449,583)
Total Equity		1,203,853	1,806,400
Borrowings	16	8,158,540	7,762,355
Total non-current liabilities		8,158,540	7,762,355
Trade and other payables	18	1,235,495	1,519,405
Total current liabilities		1,235,495	1,519,405
Total liabilities		9,394,035	9,281,760
Total equity and liabilities		10,597,888	11,088,160

Approved by the Board of Directors on 18 September 2014 and signed on its behalf by:

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Mr. Goodie M Ibru; (Chairman)

FRC/2013/NIM/00000003510

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Mr. Yakubu Disu; (Director)

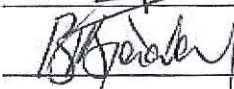
FRC/2013/NIM/00000004982

Additionally certified by;

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Mr. David T. Kliegl; (General Manager)

FRC/2013/NIM/00000004949

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Mr. Bjorn Bjaaland (Financial Manager)

FRC/2013/NIM/00000008950

The accompanying notes on pages 21 to 49 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 30 June

	<i>Notes</i>	2014 N' 000	2013 N' 000
Revenue			
-Gaming		1,402,849	1,402,101
-Hospitality		1,983,217	2,056,384
		<u>3,386,066</u>	<u>3,458,485</u>
Amortisation of Intangible asset	12	(11,323)	(21,742)
Consumables and services	8(b)	(519,606)	(654,558)
Depreciation of property, plant and equipment	11	(601,893)	(543,422)
Employee costs	6	(941,392)	(910,980)
Management and support fees	22 (c)	(179,402)	(216,328)
Promotional and marketing costs		(62,272)	(87,947)
Property and administrative costs	8(c)	(1,239,792)	(927,349)
		<u>(3,555,680)</u>	<u>(3,362,326)</u>
Operating (loss)/profit		<u>(169,614)</u>	<u>96,159</u>
Net finance cost	7	<u>(432,933)</u>	<u>(360,003)</u>
Loss before taxation	8	<u>(602,547)</u>	<u>(263,844)</u>
Taxation	9	-	388,894
(Loss)/profit for the year		<u>(602,547)</u>	<u>125,050</u>
Other comprehensive income (net of tax)		-	-
Total comprehensive income for the year		<u><u>(602,547)</u></u>	<u><u>125,050</u></u>
(Loss)/earnings per share (kobo)			
Basic (loss)/earnings per share	10	(27)	6
Diluted (loss)/earnings per share	10	(27)	6

The accompanying notes on pages 21 to 49 form an integral part of these financial statements.

Statement of Changes in Equity
Attributable to equity holders of the Company

	<u>Share capital</u> N' 000	<u>Share premium</u> N' 000	<u>Accumulated Loss</u> N' 000	<u>Total equity</u> N' 000
Balance at 1 July 2012	1,123,220	4,132,763	(3,574,633)	1,681,350
Total comprehensive income for the year	-	-	125,050	125,050
Balance at 30 June 2013	<u>1,123,220</u>	<u>4,132,763</u>	<u>(3,449,583)</u>	<u>1,806,400</u>
Balance at 1 July 2013	1,123,220	4,132,763	(3,449,583)	1,806,400
Total comprehensive income for the year	-	-	(602,547)	(602,547)
Balance at 30 June 2014	<u>1,123,220</u>	<u>4,132,763</u>	<u>(4,052,130)</u>	<u>1,203,853</u>

The accompanying notes on pages 21 to 49 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June

	Notes	2014 N' 000	2013 N' 000
Cash flows from operating activities:			
(Loss)/profit for the year		(602,547)	125,050
Adjustments for:			
Depreciation	11	601,893	543,422
Amortization	12	11,323	21,742
Operating equipment usage	11	22,040	18,881
Net finance costs	7	432,933	360,003
Loss on sale of property, plant and equipment		-	150
Taxation	9 (a)	-	(388,894)
		<u>465,642</u>	<u>680,354</u>
Changes in:			
Inventories		(6,539)	(9,734)
Trade and other receivables		10,774	(18,675)
Prepayments		121,353	(72,820)
Trade and other payables *		<u>(258,713)</u>	<u>(10,944)</u>
Cash generated from operating activities		<u>332,517</u>	<u>568,181</u>
 Value Added Tax (VAT) paid *		 (62,262)	 (78,044)
 Net cash generated from operating activities		 <u>270,255</u>	 <u>490,137</u>
 Cash flow from investing activities			
Interest income	7	317	258
Acquisition of property, plant and equipment	11	(325,604)	(151,427)
Acquisition of intangible assets	12	(2,910)	(2,953)
Net cash used in investing activities		<u>(328,197)</u>	<u>(154,122)</u>
 Net (decrease)/ increase in cash and cash equivalents		 <u>(57,942)</u>	 <u>336,015</u>
 Cash and cash equivalents 1 July		 <u>818,159</u>	 <u>482,144</u>
 Cash and cash equivalents 30 June		 <u><u>760,217</u></u>	 <u><u>818,159</u></u>

* Changes in trade and other payables have been adjusted for the effect of Value Added Tax (VAT) paid, shown separately on the statement of cash flows. Changes in trade and other payables are also adjusted for realised exchange differences in intercompany balances.

The accompanying notes on pages 21 to 49 form an integral part of these financial statements.

Notes to the financial statements

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Notes to the financial statements

For the year ended 30 June 2014

1. Reporting entity

The Tourist Company of Nigeria Plc is a company domiciled in Nigeria. The address of the Company's registered office is Ahmadu Bello Way, Victoria Island, Lagos. The Company converted from a private company to its current form on 20 April 1994. The Company operates a gaming and hospitality business in Victoria Island, Lagos.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the board of directors on 18 September 2014.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except as otherwise stated.

(c) Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

• Asset useful lives and residual values

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

(d) Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

3. Changes in accounting policies

Except for the change below, the Company has consistently applied the accounting policies set out in Note 4 to all periods presented in these financial statements.

The Company has adopted IFRS 13, Fair Value Measurement, with a date of initial application of 1 January 2013.

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

4. Significant accounting policies

Except for the change explained in Note 3, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

	Page
a) Foreign currency transactions	22
b) Property, plant and equipment	22
c) Intangible assets	24
d) Impairment of non financial assets	24
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(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains or losses arising on translation are credited to or charged against profit or loss.

(b) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment under construction are disclosed as capital-work-in-progress. The cost of certain items of property, plant and equipment at 1 July 2011, the Company's date of transition to IFRS, was determined with reference to its fair value at that date.

Purchased software that is integral to the functionality of related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the statement of comprehensive income.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as the owned assets or, where shorter, the term of the relevant lease.

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

II. Depreciation

Depreciation is calculated so as to write off the cost of items of property, plant and equipment less their estimated residual values over their useful lives, using the straight-line method. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the assets are developed over the useful life. The principal useful lives over which the assets are depreciated are as follows:

Leasehold land	–	Over the lease term period
Buildings and Infrastructure		
- Casino and hotel premises	–	40 years
Plant and machinery		
- Pumps, pipes, tanks and compressors	–	10 years
- Generating set equipment	–	2 years
- Generators	–	10 years
Hotel and office equipment	–	10 years
Motor vehicles	–	7 years
Furniture and fittings	–	10 years
Casino equipment	–	10 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at each statement of financial position date. The useful lives and residual values of the Company's property, plant and equipment were revised during the financial year.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Usage of operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as an expense. The period of usage depends on the nature of the operating equipment and varies between one and three years.

Subsequent costs

Costs arising subsequent to the acquisition of an asset 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.

The carrying amount of the replaced part is then de-recognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of development or construction.

(c) Intangible assets

Expenditure on computer software is capitalised and amortised using the straight line method over 4 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Impairment losses are recognised in profit or loss. 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.

(e) Inventories

Inventories comprises of merchandise held for sale and consumables, and is measured at the lower of cost and net realisable value on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less any costs necessary to make the sale. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(f) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value. Cash and cash equivalents comprise cash on hand and deposits held on call with banks with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of cash flow statement.

(g) Financial Instruments

Financial instruments carried at reporting date include trade receivable, cash and cash equivalents, borrowings, trade payable and accruals.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

1. Financial Assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets carried at the reporting date are classified as 'Loans and Receivables and Cash & cash equivalents'.

Significant financial difficulties of the counterparty and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised as profit or loss in the statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss in the statement of comprehensive income.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as non-current assets unless receipt is anticipated within 12 months, in which case the amounts are included in current assets. Receivables are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, receivables are carried at amortised cost using the effective interest method, less any impairment losses (refer note 14).

II. Financial liabilities

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

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company de-recognises a financial liability when the contractual obligations are discharged, cancelled or expire. The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise borrowings and accounts payable and accruals.

Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incremental costs directly attributable to the issue of new shares, other than arising on a business combination, are shown as a deduction from the proceeds, net of income taxes, in equity.

(h) Current and deferred tax

Taxation for the period comprises current and deferred tax. Taxation is recognised in profit or loss in the statement of comprehensive income, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current Tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the following types of current income tax;

Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act Cap C21, LFN 2004 as amended to date.

Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act LFN 2011.

Deferred Tax

Deferred tax is provided in full, using the liability method and using tax rates enacted or substantively enacted at the reporting date, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets relating to the carry forward of unused tax losses, tax credits and deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(i) Leased assets

Leases of assets where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at commencement and are measured at the lower of the fair value of the leased asset and the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in borrowings. The interest element of the lease payment is charged to profit or loss over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset, or the lease period. Where a lease has an option to be renewed, the renewal period is considered when the period over which the asset will be depreciated is determined.

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases and are not recognised in the Company's statement of financial position. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

(j) Employee benefits

Short-term employee benefits

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

Defined contribution plans

The Company operates a contributory scheme in line with the Pension Reform Act, 2004. The Company and the employees respectively contribute 7.5% of the employees' current salaries and designated allowances. The Company's contributions are charged to profit or loss in the period to which the

(k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

(l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(m) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in investing activities.

(n) Revenue

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue and associated costs incurred or to be incurred can be measured reliably.

Revenue includes net gaming win, hotel, entertainment and restaurant revenues, other service fees, rental income and the invoiced value of goods and services sold less returns and allowances. Value Added Tax (VAT) and other taxes levied on casino winnings are included in revenue and treated as overhead expenses, as these are borne by the Company and not by its customers. VAT on all other revenue transactions is considered to be a tax collected by the Company as an agent on behalf of the revenue authorities and is excluded from revenue.

Customer loyalty points are provided against revenue when points are earned.

(o) Finance income and finance costs

Net finance costs include interest expense on borrowings as well as interest income on bank balances. Net finance costs also include other finance income and expense items, such as exchange differences arising on borrowings and the settlement of foreign currency creditors. Foreign currency gains and losses are reported on a net basis.

(p) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(q) Segment reporting

Segment results that are reported to the Company's Chief Executive 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, shared services and tax assets and liabilities.

(r) Accounting policy developments

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are as follows:

IFRS 9 – Financial instruments (effective for the financial statements for the year ending 30 June 2019) removes the multiple classification and measurement models for financial assets required by IAS 39 – Financial Instruments: Recognition and measurement and introduces a model that has only two classification categories: amortised cost and fair value. Classification is determined by the business model used to manage the financial assets and the contractual cash flow characteristics of the financial assets.

The accounting and presentation of financial liabilities and for derecognising financial instruments has been transferred from IAS 39 without any significant changes. The amendment to IFRS 7 – Financial Instruments: Disclosures requires additional disclosures on transition from IAS 39 to IFRS 9.

IFRS 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted. The adoption of these standards is expected to have an impact on the Company's financial assets and liabilities.

IAS 32 Financial Instruments : Presentation (effective for the financial statements for the year ending 30 June 2015), which is expected to clarify the offsetting criteria for financial assets and liabilities.

IFRIC 21 – Levies (effective for the financial statements for the year ending 30 June 2015), which is expected to impact the recognition of liabilities for levies.

The extent of the impact has not been determined and the Company does not plan to adopt these standards early.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(b) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short term receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value.

(c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

6. Employee costs

(a) Employee costs for the year comprises:

	2014 N'000	2013 N'000
Salaries, wages, bonuses and other benefits	734,021	670,750
Defined contribution pension fund costs	36,765	41,487
Other personnel costs	170,606	198,743
	<u>941,392</u>	<u>910,980</u>

(b) Employees of the Company, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

N	N	2014 Number	2013 Number
0	- 200,000	0	3
200,001	- 400,000	15	22
400,001	- 600,000	102	152
600,001	- 800,000	140	92
800,001	- 1,000,000	62	86
1,000,001	- above	126	129
		<u>445</u>	<u>484</u>

The number of full-time persons employed per function as at 30 June was as follows:

	2014 Number	2013 Number
Gaming	74	92
Hospitality	238	248
Administration and support services	133	144
	<u>445</u>	<u>484</u>

(c) Pension payable

The balance of the pension payable account represents the amount due to the Pension Fund Administrator which is yet to be remitted at the year end. The movement on this account during the year was as follows:

	2014 N'000	2013 N'000
Balance at beginning of the year	203	335
Charge for the year	22,008	25,356
Payments during the year	(22,066)	(25,488)
Balance as at end of the year	<u>145</u>	<u>203</u>

The Company's parent, Sun International Limited, operates a defined contribution provident fund. Currently, the provident fund is available to the Company's expatriate employees, whilst the Company's Nigerian employees belong to Nigerian employee nominated defined contribution funds. Contributions are made by both the Company and its employees to these funds.

(d) Directors' remuneration

Remuneration, excluding certain benefits of directors of the Company, who discharged their duties mainly in Nigeria, is as follows:

	2014 N'000	2013 N'000
Executive directors	-	-
Non-executive directors	1,150	1,300
	<u>1,150</u>	<u>1,300</u>

The directors' remuneration shown above includes:

	2014 N'000	2013 N'000
Chairman's fees	200	350
Highest paid director	300	350

Other directors received emoluments in the following ranges;

N	N	2014 Number	2013 Number
0	-	-	1
100,001	-	6	5
	Above	<u>6</u>	<u>6</u>

7. Net finance costs

Net finance costs comprises:

	2014 N'000	2013 N'000
Interest capitalized on borrowings	396,993	378,096
Interest on amounts due to related parties	12,798	24,703
Interest income on bank balances	(317)	(258)
Loss/(Gain) on foreign exchange	23,459	(42,538)
	<u>432,933</u>	<u>360,003</u>

8. Loss before taxation

(a) Loss before taxation is stated after charging /(crediting) the following:

	2014 N'000	2013 N'000
Depreciation of property, plant and equipment (Note 11)	601,893	543,422
Amortisation of intangible assets (Note 12)	11,324	21,742
Operating lease charges - Office equipment	11,232	5,138
Audit fees	16,700	12,000
Loss on disposal of property, plant and equipment	-	150
Employee costs (Note 6(a))	941,392	910,980
Loss/(gain) on foreign exchange (Note 7)	23,459	(42,538)
Consumables and services (Note 8(b))	519,606	654,558
Property and administrative costs (Note 8(c))	1,239,792	927,349
Management and support fees (Notes 22(c))	179,402	216,328

(b) Consumables and services comprise the following:

	2014	2013
	N'000	N'000
Cost of sales- Food & Beverage	207,912	211,572
Amortisation of casino licence fees	120,000	120,000
Other operating expenditure	65,067	63,057
Card commission	16,489	12,505
General expenses	43,034	165,404
Other casino related expenses	67,104	82,020
	<u>519,606</u>	<u>654,558</u>

(c) Property and administrative costs comprise of the following:

	2014	2013
	N'000	N'000
Power, fuel and other utilities	536,906	482,070
Card commission	37,529	51,404
Repairs and maintenance	115,748	103,333
Information Technology and related expenses	51,395	60,015
Outsourced contracts	75,640	66,437
Professional fees	101,744	71,915
(Increase)/decrease in allowance for doubtful debt	39,260	(19,510)
Other general expenses	281,572	111,021
	<u>1,239,794</u>	<u>926,685</u>

9. Taxation

(a) *Income tax expense*

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2014	2013
	N'000	N'000
Current tax expense:		
Income tax credit (Note 9(b))	-	(34,969)
	-	(34,969)
Deferred tax expense:		
Origination and reversal of temporary differences (Note 17(a))	-	(353,925)
Total income tax credit	-	(388,894)

(b) *Tax payable*

	2014	2013
	N'000	N'000
Movement in tax payable account during the year was as follows:		
At 1 July	-	34,969
Provision no longer required (Note 9(a))	-	(34,969)
At 30 June	-	-

- (c) In 2013, the Nigerian Investment Promotion Council (NIPC) granted the Company a Pioneer Status for a five year period with respect to the tourism and hospitality business of the Company, with a retrospective effective commencement production date of 1 January 2011.

The effective production date was certified by the Industrial Inspectorate Department of the Federal Ministry of Commerce and Industry on 28 May 2013. In accordance with the provision of the Industrial Development (Income Tax Relief) Act, the Company's profit attributable to the pioneer line of business is therefore not liable to income taxes for the duration of the Pioneer period. Consequently there was no tax payable in current year.

(d) *Reconciliation of effective tax rate*

	2014	2014	2013	2013
		N'000		N'000
(Loss) /profit from continuing operations		(602,547)		125,050
Taxation		-		(388,894)
Loss before tax		(602,547)		(263,844)
Income tax using the company's tax rate	30%	(180,764)	30%	(79,154)
Tax incentive	0%	-	32%	(83,869)
Origination and reversal of temporary difference	-29%	176,467	-62%	163,023
Change in recognized deductible temporary differences	-1%	4,298	0%	-
Changes in estimate from prior year	0%	-	147%	(388,894)
	0%	-	147%	(388,894)

10. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year

The Company did not have any instruments with a dilutive effect during the year, thus, basic and diluted loss per share are equal.

Number of shares for (loss)/earnings per share calculation

	2014	2013
Weighted number of shares	2,246,437,472	2,246,437,472
	Kobo	Kobo
Basic (loss)/earning per share	(27)	6

11 Property, plant and equipment (PPE)

(a) The movement on these accounts was as follows:

	Leasehold Land N'000	Buildings & Infrastructure N'000	Plant & Machinery N'000	Casino Equipment N'000	Motor Vehicles N'000	Furniture & Fittings N'000	Hotel & Office Equipment N'000	Operating Equipment N'000	Capital Work in Progress N'000	Total N'000
Deemed cost										
Balance at 1 July 2012	171,287	9,159,428	288,520	748,532	44,180	658,817	837,554	104,102	6,034	12,018,454
Additions	-	-	-	-	-	-	-	36,249	115,178	151,427
Transfers	-	15,246	46,969	38,510	-	10,457	6,260	-	(117,442)	-
Disposals	-	-	-	-	-	(150)	-	-	-	(150)
Write-Offs	-	-	-	-	-	-	-	(18,881)	-	(18,881)
Balance at 30 June 2013	171,287	9,174,674	335,489	787,042	44,180	669,124	843,814	121,470	3,770	12,150,850
Balance at 1 July 2013	171,287	9,174,674	335,489	787,042	44,180	669,124	843,814	121,470	3,770	12,150,850
Additions	-	-	-	-	-	-	-	35,306	290,298	325,604
Transfers	-	17,383	57,286	102,523	14,871	4,091	80,011	-	(276,165)	-
Write-Offs	-	(5,972)	(29,219)	-	-	(42,583)	(179,163)	(22,040)	-	(278,977)
Balance at 30 June 2014	171,287	9,186,085	363,556	889,565	59,051	630,632	744,662	134,736	17,903	12,197,477
Depreciation										
Balance at 1 July 2012	56,131	1,068,322	82,229	312,584	26,540	232,664	223,977	-	-	2,002,647
Depreciation for the year	2,567	163,469	17,475	154,803	(1,742)	121,497	83,353	-	-	543,422
Balance at 30 June 2013	58,698	1,233,991	99,704	467,387	24,798	354,161	307,330	-	-	2,546,069
Balance at 1 July 2013	58,698	1,233,991	99,704	467,387	24,798	354,161	307,330	-	-	2,546,069
Depreciation for the year	2,546	296,045	63,780	65,774	20,936	58,530	94,282	-	-	601,893
Write-Offs	-	(5,972)	(29,219)	(179,163)	-	(42,583)	-	-	-	(256,937)
Balance at 30 June 2014	61,244	1,524,064	134,265	353,998	45,734	370,108	401,612	-	-	2,891,025
Carrying amounts										
At 1 July 2013	115,156	7,940,683	235,785	319,655	19,382	314,963	536,484	121,470	3,770	9,604,781
At 30 June 2014	110,043	7,662,021	229,291	535,567	13,317	260,524	343,050	134,736	17,903	9,306,452

(b) Assets pledged on security

There was no property, plant and equipment that was pledged as security for borrowings as at year end (2013: Nil)

(c) Capital Commitments

Information on capital expenditure commitment is presented in Note 20 of the financial statements.

(d) **Assets held on finance lease**

Included as part of property, plant and equipment is land held under finance lease arrangements for a minimum lease term of 99 years. The lease amounts were fully paid at the inception of the lease.

The classification of the lease of land as a finance lease is on the basis that the lease transfers substantially all of the risks and rewards of ownership incidental to ownership of the land to the Company.

(e) **Capital work in progress**

Additions to capital work in progress during the year is analysed as follows;

	2014	2013
	N'000	N'000
Building and infrastructure	17,383	15,246
Plant and machinery	67,322	48,283
Casino equipment	104,009	6,260
Motor Vehicles	14,531	-
Furniture and fittings	4,091	7,081
Hotel and office equipment	82,962	38,308
	<u>290,298</u>	<u>115,178</u>

No borrowing costs were capitalised during the acquisition of property, plant and equipment as additions were not financed through borrowings (2013: Nil)

- (e) During the year, the Company reassessed the remaining useful lives of its property, plant and equipment. The effect of these changes on actual and expected depreciation expenses in the current and future years respectively is as follows;

For the year ended 30 June 2014	N2.4million
For the year ended 30 June 2015	N2.4million
For the year ended 30 June 2016	N2.4million

12. Intangible assets

Intangible assets represent the purchase costs and installation of software licences. The movement in the intangibles asset account during the year was as follows:

	2014	2013
	N'000	N'000
Cost		
Balance at the beginning of the year	103,295	100,342
Additions	2,910	2,953
Disposal	(28,817)	-
Balance at the end of the year	<u>77,388</u>	<u>103,295</u>
Amortisation		
Balance at the beginning of the year	59,324	37,582
Amortisation for the year	11,323	21,742
Disposal	(28,817)	-
Balance at the end of the year	<u>41,830</u>	<u>59,324</u>
Carrying amounts		
Balance at 1 July	<u>43,971</u>	<u>62,760</u>
Balance at 30 June	<u>35,558</u>	<u>43,971</u>

13. Inventories

	2014	2013
	N'000	N'000
Merchandise	1,676	4,525
Consumables and hotel stock	84,447	75,059
	<u>86,123</u>	<u>79,584</u>

The value of food and beverage consumables included in consumables and services as cost of sale amounted to N207.912 million (2013: N211.572 million).

14. Trade and other receivables

	2014	2013
	N'000	N'000
<i>Financial instruments</i>		
Trade receivables	398,687	377,348
Less: impairment	(104,758)	(65,509)
Net trade receivables	293,929	311,839
<i>Non-financial instruments</i>		
Other receivables	72,129	64,993
	<u>366,058</u>	<u>376,832</u>

Included in the carrying amount of trade receivables are amounts due from related parties (refer Note 23(b)(iii)).

The fair values of trade and other receivables approximate their carrying value.

The Company has recognised an allowance of N104.8 million (2013: N65.5 million) for the impairment of its trade receivables during the year ended 30 June 2014. The creation and usage of the allowance for impaired receivables have been included in 'Property and administrative costs' in the statement of comprehensive income. Other receivables are expected to be fully recoverable. The trade receivables which are fully performing and past due but not impaired relate to customers that have a good track record with the Company in terms of recoverability.

15. Share capital and premium

Share Capital

(i) Authorised ordinary shares of 50k each

	2014	2013
	N'000	N'000
Balance at the beginning of the year	2,000,000	2,000,000
Balance at the end of the year	<u>2,000,000</u>	<u>2,000,000</u>

4,000,000,000 ordinary shares of 50 Kobo each at 30 June 2014 (2013: 4,000,000,000).

(ii) Issued and fully paid ordinary shares of 50k each

	2014	2013
	N'000	N'000
Balance at the beginning of the year	1,123,220	1,123,220
Balance at the end of the year	<u>1,123,220</u>	<u>1,123,220</u>

2,246,437,472 ordinary shares of 50 Kobo each at 30 June 2014 (2013: 2,246,437,472).

All issued shares are fully paid.

Holders of these shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Company.

The premium on the 2,246,437,472 ordinary shares of 50 kobo each is as follows;

	2014	2013
	N'000	N'000
Share Premium	4,132,763	4,132,763

16. Borrowings

(a) Non-current

Term facilities (Unsecured)

Total borrowings

	2014	2013
	N'000	N'000
	8,158,540	7,762,355
	8,158,540	7,762,355

(b) Terms and conditions of outstanding loans are as follows

	US\$'000	N'000	N'000
	2014	2014	2013
Non-current, unsecured			
Shareholders:			
Ikeja Hotel Plc			
At beginning of the year	16,410	2,547,688	2,426,654
Interest capitalised	840	130,250	124,011
Exchange difference	-	(129)	(2,977)
At end of year	17,250	2,677,809	2,547,688
Sun International Limited			
At beginning of the year	17,478	2,713,435	2,584,209
Interest capitalised	891	138,867	132,336
Exchange difference	-	(552)	(3,110)
At end of year	18,369	2,851,750	2,713,435
Other:			
Omamo Investment Corporation			
At beginning of the year	16,111	2,501,232	2,382,404
Interest capitalised	825	127,876	121,751
Exchange difference	-	(127)	(2,923)
Balance 30 June	16,936	2,628,981	2,501,232
	52,555	8,158,540	7,762,355

The interest rate of 5% (2013: 5%) has been set on the Company's fixed borrowings. Of these fixed borrowings 100% (2013:100%) were for periods longer than 12 months. The Company had no unutilised borrowing facilities at 30 June 2014 (2013: Nil).

Terms of the above loans:

- (a) They are unsecured.
- (b) Repayment is subject to the board of director's discretion, taking into account the availability of funds and the Company's working capital requirements.
- (c) The loans are denominated in US Dollars.
- (d) Interest is capitalised at 5% per annum.

In terms of its articles of association, apart from temporary loans in the ordinary course of business, the Company's borrowings shall not, without the previous sanction of the Company in general meeting, exceed the sum equivalent to one and half times the aggregate of its paid-up share capital and reserves.

The loan from Omamo Corporation is currently the subject to a legal dispute (Note 28).

17. Deferred tax

- (a) Movement in temporary differences during the year

	2014	2013
	N'000	N'000
Balance at beginning of year	-	353,925
Recognised in statement of comprehensive income (Note 9(a))	-	(353,925)
Balance at end of year	-	-

- (b) Unrecognised deferred tax assets

The Company has a net deferred tax asset amounting to N1.05 billion as at 30 June 2014 (2013: N899 million), arising mainly from unutilised capital allowances and tax losses that may be available for offset against future taxable income. The Company did not recognise the deferred tax asset due to uncertainties relating to the timing of the amount and reversal of these differences.

18. Trade and other payables

	2014	2013
	N'000	N'000
<i>Financial instruments</i>		
Trade payables	104,496	123,573
Other payables	288,746	468,962
Amount due to related parties (Note 23(b)(i)&(ii))	348,128	614,041
Accrued expenses	289,435	92,969
Casino loyalty programme liability	19,787	32,538
	1,050,592	1,332,083
<i>Non-financial instruments</i>		
Employee related accruals	81,777	103,004
Other payables	75,889	53,909
Deposits Received	27,237	30,409
	1,235,495	1,519,405

19. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014	2013
	N'000	N'000
Cash at bank	736,857	769,697
Cash floats	23,360	48,462
Cash and cash equivalents	<u>760,217</u>	<u>818,159</u>

20. Capital expenditure commitments

	2014	2013
	N'000	N'000
Capital commitments		
Contracted	24,252	33,732
Authorised by the board of directors but not contracted	284,799	317,973
	<u>309,051</u>	<u>351,705</u>
To be spent in the forthcoming financial year	309,051	351,705
To be spent thereafter	516,090	269,400
	<u>825,141</u>	<u>621,105</u>

Future capital expenditure will be funded by internally generated cash flows and debt facilities.

21. Operating lease commitments

At the end of the reporting period, the future minimum lease payments under the operating lease are payable as follows:

	2014	2013
	N'000	N'000
Less than one year	13,028	11,676
Between one and five years	4,560	17,514
	<u>17,588</u>	<u>29,190</u>

The Company leases office equipments under operating leases. The leases typically run for a period of one to three years, with an option to renew the lease after that date. Lease rentals are paid on a monthly basis and included in operating expenses and as such there are future lease payment payable in relation to this lease. During the year ended 30 June 2014, an amount of N11.23 million (2013: N5.14 million) was recognized as an expense in profit or loss in respect of operating leases.

22. Management and Support Fees

(a) Operating services agreement

The Company has an agreement with Sun International Management Limited (a subsidiary of Sun International Limited) until 30 September 2017 to manage the Company's business. In terms of this agreement, the Company is obligated to pay the following annual fees to Sun International Management Limited:

-Basic fee

A basic fee equal to 3% per annum of the gross revenue of the Company. This is exclusive of any taxes and is denominated and payable in South African Rands.

-Incentive fee

An incentive fee of 10% per annum of the adjusted net profit of the Company. This fee is exclusive of any taxes and is denominated and payable in South African Rands.

-Development, management and technical services fee

A fee of 2.5% per annum of the aggregate cost of new property development projects undertaken by the Company. This fee is exclusive of any taxes and is denominated and payable in South African Rands.

(b) Support services agreement

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

-Basic fee

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

-Incentive fee

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

(c) Management and support fees

(based on the structure above)

	2014	2013
	N'000	N'000
<i>Sun International Management Limited</i>		
Basic fees	108,448	111,946
Incentive fees	47,554	76,035
 <i>Ikeja Hotel Plc</i>		
Basic fees	16,267	16,942
Incentive fees	7,133	11,405
	<u>179,402</u>	<u>216,328</u>

23. Related Parties

(a) Ultimate holding company

The Company is a subsidiary of Sun International Limited incorporated in South Africa. Sun International Limited held 49.33% of the issued and fully paid share capital of the Company as at 30 June 2014 (2013: 49.33%)

(b) Related party transactions

The transaction values and balances with related parties below exclude borrowings, the values of which are disclosed in note 16.

	Value of goods and services supplied (to)/from the Company		Amount due (to)/from the Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
(i) Accounts payable				
<i>Sun International Management Limited</i>				
Is a subsidiary of Sun International Limited, which is a shareholder in the Company.				
It has an operating service agreement with the Company (Note 22(a)).	(156,002)	(187,981)	(339,545)	(550,616)
<i>Ikeja Hotel Plc</i>				
Is a shareholder in the Company and is controlled by Goodie M. Ibru, a director of the Company.				
It has a support service agreement with the Company (Note 22(a)).	(23,400)	(28,346)	(2,584)	(27,539)
(ii) Other related party transactions include:				
<i>AVI Services Limited</i>				
Is controlled by Goodie M. Ibru, a director of the Company. It provides a staff transport service to the Company, operates a car hire business at the Hotel and rents offices from the Company.	(75,542)	(82,197)	-	-
<i>GM Ibru & Co</i>				
Is a firm of attorneys controlled by Goodie M. Ibru, a director of the Company.				
It provides legal services to the Company and rents offices from the Company.	(41,278)	(5,863)	(6,000)	(35,886)
<i>IHL Services Limited</i>				
Is controlled by Goodie M. Ibru, a director of the Company. It provides company secretarial services to the Company.	(4,192)	(4,197)	-	-

Minet Nigeria Limited

Is controlled by Goodie M. Ibru, a director of the Company.

It provides insurance broking services to the Company.

(81,201) (84,014) - -

Lady Maiden Ibru

Lady Ibru is the wife of the late Dr Alex Ibru, a former director with an indirect shareholding in the Company. Lady Ibru rents retail premises from the Company, for which no rental charge has been processed.

- - - -

Estate of Late Dr Alex Ibru

A former director and indirect shareholder in the Company. The estate rents hotel penthouse premises from the Company, which is currently the subject of a legal dispute. No rental charge has been processed.

- - - -

Guy Saries Limited

Is controlled by Goodie M. Ibru, a director of the Company. It rents office premises from the Company, for which no rental charge has been processed.

- - - -

(348,129) (614,041)

(iii) Accounts receivable (For hospitality services provided)

Sun International Management Limited	2,982	12,640	231	615
Ikeja Hotel Plc	15,901	-	1,123	851
	<u>18,883</u>	<u>12,640</u>	<u>1,354</u>	<u>1,466</u>

(c) *Transactions with key management personnel*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise) of that Company. Refer to Note 6(d) for amounts paid to directors of the Company during the year.

Key management personnel compensation

Key management personnel compensation comprised:

	2014	2013
	N'000	N'000
Short-term employee benefits	128,560	110,375
Post-employment benefit	12,384	12,170
	<u>140,944</u>	<u>122,545</u>

24. Segment Information

The Company has two reportable segments, as described below.

Gaming:

This includes the provision of tables and slots gaming facilities.

Hospitality:

This consists of the sale of hotel room accommodation, sale of food and beverages in the Company's restaurants and bars, as well as venue hire, pool club subscriptions and entrance fees, parking and laundry charges, and other miscellaneous revenue.

Unallocated Costs represents support services to the above segments, and includes Finance and Administration, Human Resources, Information Technology, Security and other Property related services.

Information regarding the results of each reportable segment is provided below. Performance is measured based on segment profit before tax, as included in the Company's internal management reports that are reviewed by the Company's General Manager.

	Gaming			Hospitality			Unallocated			Total		
	2014	2013		2014	2013		2014	2013		2014	2013	
	N'000	N'000		N'000	N'000		N'000	N'000		N'000	N'000	
Revenue												
Total revenue for reportable segments	1,402,849	1,402,101		2,222,893	2,362,409		-	-		3,625,742	3,764,510	
Elimination of inter-segment revenue *	-	-		(239,676)	(306,025)		-	-		(239,676)	(306,025)	
Reportable segment revenue	1,402,849	1,402,101		1,983,217	2,056,384		-	-		3,386,066	3,458,485	
Profit before tax												
Reportable segment revenue	1,402,849	1,402,101		1,983,217	2,056,384		-	-		3,386,066	3,458,485	
Expenses	(645,406)	(833,068)		(679,756)	(681,822)		(918,294)	(1,282,272)		(2,243,456)	(2,797,162)	
Elimination of inter-segment expenses	239,676	295,524		(239,676)	(295,524)		-	-		-	-	
Depreciation and amortisation	-	-		-	-		(601,893)	(565,164)		(601,893)	(565,164)	
Net Finance Costs	-	-		-	-		(432,933)	(360,003)		(432,933)	(360,003)	
Loss before tax	997,119	864,557		1,063,785	1,079,038		(1,953,120)	(2,207,439)		107,784	(263,844)	
Reportable segment assets												
							10,597,888	11,088,160		10,597,888	11,088,160	
Reportable segment liabilities												
							9,394,035	9,281,760		9,394,035	9,281,760	

Major customer

Revenue from one customer does not represent up to 10% of the Company's total revenue. Therefore, information on major customers is not presented.

* Inter-segment revenue represents complimentary room sales and food and beverage revenue which is included in hospitality revenues.

25. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk
- Operational risk.
- Capital management risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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 Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to both senior management and the Audit Committee.

(a) Liquidity risk

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

The following are the maturity analysis of contractual undiscounted financial liabilities (including principal and interest payments) and financial assets:

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(b) Credit risk

Credit risk arises from trade and other receivables (excluding prepayments and VAT), and cash and cash equivalents. The granting of credit is controlled by specific application and account limits. Cash deposits are only placed with high quality financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets determined to be exposed to credit risk.

The Company has no significant concentrations of credit risk with respect to trade receivables, due to a widely dispersed customer base.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2014	2013
	N'000	N'000
Trade receivables (Note 14)	293,929	311,839
Cash and cash equivalents (Note 19)	736,857	769,697
	<u>1,030,786</u>	<u>1,081,536</u>

The Company's most significant customer accounts for N 90million of the trade and receivables carrying amount at 30 June 2014 (2013: N 52million).

The aging of trade receivables at the reporting date was:

	Gross	Impairment	Gross	Impairment
	2014	2014	2013	2013
	N'000	N'000	N'000	N'000
Not past due	177,935	-	182,892	-
Past due by 1 to 30 days	34,511	-	15,772	-
Past due by 31 to 60 days	18,989	-	3,192	-
Past due by 61 to 90 days	34,449	-	18,222	-
Past due by more than 91 days	132,803	(104,758)	157,270	(65,509)
	<u>398,687</u>	<u>(104,758)</u>	<u>377,348</u>	<u>(65,509)</u>

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2014	2013
	N'000	N'000
Balance at 1 July	65,509	61,452
Impairment loss recognised	39,249	4,057
Balance at 30 June	<u>104,758</u>	<u>65,509</u>

The impairment loss as at 30 June 2014 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts past due are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit ratings. The impairment loss is included in property and administrative cost in the statement of comprehensive income.

Based on historic default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables past due.

(c) Market risk

Market risk includes foreign currency risk, interest rate risk and other price risk. The Company's exposure to other price risk is limited as the Company does not have any investments which are subject to changes in equity prices.

i. Foreign currency risk

Included in the statements of financial position are the following amounts denominated in currencies other than the functional currency of the Company (Naira). The currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company monitors the movement in currency rates on a going basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the Management of the Company based on its risk management policy was as follows:

<i>In thousands</i>	2014	2013
<i>Financial Assets</i>		
US Dollar (\$)	3,663	4,245
Euro (€)	61	144
Pound Sterling (£)	18	38
South African Rand (R)	17	24
<i>Financial liabilities</i>		
US Dollar (\$)	52,558	49,999
South African Rand	22,265	16,292

The following significant exchange rates applied during the year:

	2014		2013	
	Spot	Average	Spot	Average
US Dollar (\$) 1	155.23	155.25	155.30	155.40
Euro (€) 1	211.92	210.59	203.00	202.60
Pound Sterling (£) 1	264.56	252.44	245.80	245.80
South African Rand (R) 1	15.25	15.42	16.40	17.80

Foreign currency sensitivity

A 10% weakening in the Naira against the above foreign currency assets and liabilities at 30 June 2014 would decrease equity and loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as at 30 June 2013:

	2014	2013
	N'000	N'000
Decrease in equity	791,023	733,416
Decrease in loss before tax	791,023	733,416

A 10% strengthening in the Naira against the above foreign currency assets and liabilities at 30 June 2014 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

ii. Cash flow interest rate risk

The Company's cash flow interest rate risk could arise from cash and cash equivalents and variable rate borrowings. The Company's does not have borrowings with variable interest rates.

(d) Capital management risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the Company may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or buy back existing shares .

The board of directors monitors the level of capital, which the Company defines as total share capital and share premium.

There were no changes to the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

Gearing

The gearing ratios were as follows:

	2014	2013
	N'000	N'000
Total borrowings (note 16)	8,158,540	7,762,355
Less cash and cash equivalents	(760,217)	(818,159)
Net debt	7,398,323	6,944,196
Total equity	1,203,853	1,806,400
Total capital	8,602,176	8,750,596
Net debt to equity ratio	615%	384%

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company'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 Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company'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 management and the executive committee. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- documentation of processes, controls and procedures
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified by the risk management committee
- training and professional development of employees
- appropriate segregation of duties, including the independent authorization of transactions
- monitoring of compliance with regulatory and other legal requirements
- requirements for reporting of operational losses and proposed remedial action
- development of contingency plans for various actions
- reconciliation and monitoring of transactions
- development, communication and monitoring of ethical and acceptable business practices
- risk mitigation, including insurance when this is effective.
- monitoring of business process performance and development and implementation of improvement mechanisms thereof

Compliance with the Company's standards, established procedures and controls is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management to which they relate with summaries submitted to senior management of the Company.

(f) Fair values

Fair values versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	₦'000	₦'000	₦'000	₦'000
Trade and other receivables	366,058	366,058	376,832	376,832
Cash and cash equivalents	760,217	760,217	818,159	818,159
	<u>1,126,275</u>	<u>1,126,275</u>	<u>1,194,991</u>	<u>1,194,991</u>
Trade and other payables	1,235,495	1,235,495	1,519,405	1,519,405
	<u>1,235,495</u>	<u>1,235,495</u>	<u>1,519,405</u>	<u>1,519,405</u>

The basis for determining fair values is disclosed in Note 5.

26. Contingencies

The Company is subject to various pending litigations and claims arising in the normal course of business. The Contingent liabilities in respect of these pending litigation and claims amounted to ₦ 1.2 billion as at 30 June 2014 (2013: ₦ 2.4 billion). In the opinion of the directors, based on legal and professional advice obtained, no material loss is expected to arise from these claims. Therefore, no provision for any loss arising has been made in the financial statements.

27. Subsequent events

No material events having an effect on the financial position and results of the Company have occurred between 30 June 2014 and the date of this report.

28. Shareholder dispute litigation

The Company has been involved in on-going shareholder and related party disputes as follows:

- (a) On 23 September 2011, Omamo Investment Corporation ("Omamo"), instituted a winding up petition against the Company, on grounds that it believed that the Company was insolvent and that the Company had refused to repay its loan when it demanded repayment. This petition was dismissed by the Federal High Court. As at 30 June 2014, the total loan balance payable to Omamo was N2.63 billion (30 June 2013: N2.50 billion). Based on the formal agreements duly executed by all the loan creditors (refer note 16), the loans are repayable at the discretion of the board of directors, taking into account availability of funds and working capital requirements of the Company. Accordingly none of the loans were due for repayment as at 30 June 2014.
- (b) On 21 May 2012, Omamo Investment Corporation served a notice of demand on the Company, seeking repayment of its loan. In response thereto on 8 June 2012, the Company applied to the Federal High Court seeking an enforcement order of the terms of its agreement with Omamo as well as a shareholder in the Company and related party to Omamo namely Oma Investments Limited ("Oma"). With respect to the latter action, the court delivered judgement on 3 October 2013, in which it declined to grant the Company's application for an enforcement order. The Company's Solicitors are currently engaged in the appeal against this decision.
- (c) On 30 October 2012, Omamo and Oma filed a subsequent action against the Company, challenging (inter alia) further aspects of the agreements to which they are signatories. On 12 November 2013, the matter came up for hearing at the trial court where a motion for an injunction restraining Oma from making a further demand for repayment was declined. The Company's solicitors have proceeded to file a similar motion with the Court of Appeal. Until the motion of appeal is heard, Oma is effectively restrained from taking further action. As at the date of this report, the court had not yet decided on this action.
- (d) On 30 October 2012, in a separate suit, Oma Investment Ltd petitioned the Federal High Court challenging the legality of the hotel management agreement currently in place for the management of The Tourist Company of Nigeria Plc. The Company has raised a preliminary objection. On 30 January 2014, the Court dismissed the preliminary objection. Subsequently, the Company's solicitors have filed a motion for stay of proceedings transmitted to the Court of Appeal. The motion is yet to be heard.

The directors, based on advice from the Company's solicitors are confident that judgment will be delivered in the Company's favour, and that the above litigation contingency will not materialise into a loss for the Tourist Company of Nigeria Plc (TCN)

OTHER INFORMATION

Value Added Statement
For the year ended 30 June

	2014		2013	
	N'000	%	N'000	%
Revenue	3,386,066		3,458,485	
Bought-in materials and services				
Amount paid to suppliers	(1,821,669)		(1,669,854)	
Management fees	(179,402)		(216,328)	
	(2,001,071)		(1,886,182)	
Finance income	317		42,796	
Valued added	1,385,312	100	1,615,099	100
Distribution of Value Added:				
To Government:				
Taxation	-	0	(388,894)	(24)
To Employees:				
Salaries, wages and fringe benefits	941,392	68	910,980	56
To Providers of Finance:				
Finance costs	433,250	31	402,799	25
Retained in the Business:				
For replacement of property, plant and equipment	601,893	43	543,422	34
For replacement of intangible assets	11,324	1	21,742	1
To (deplete)/augment reserves	(602,547)	(43)	125,050	8
	1,385,312	100	1,615,099	100

Value added represents the additional wealth which the Company has been able to create by its own employees' efforts. This statement shows the allocation of that wealth between government, employees, providers of capital and that retained in the business.

Financial Summary

Statement of financial position

	As at 30 June 2014 N'000	As at 30 June 2013 N'000	As at 30 June 2012 N'000	As at 1 July 2011 N'000
Assets				
Non-current assets	9,342,010	9,648,752	10,078,567	10,443,325
Current assets	1,255,878	1,439,408	1,002,164	841,301
Total Assets	10,597,888	11,088,160	11,080,731	11,284,626
Equity and liabilities				
Capital and reserves	1,203,853	1,806,400	1,681,350	2,184,375
Non-current liabilities	8,158,540	7,762,355	7,747,192	7,350,840
Current liabilities	1,235,495	1,519,405	1,652,189	1,749,411
Total equity and liabilities	10,597,888	11,088,160	11,080,731	11,284,626

Statement of comprehensive income

Revenue	3,386,066	3,458,485	3,209,040
Loss before taxation	(602,547)	(263,844)	(651,486)
Taxation	-	388,894	148,461
(Loss)/profit after tax	(602,547)	125,050	(503,025)

Per share data

(Loss)/earnings per ordinary share (Kobo)	(27)	6	(22)
Net assets per ordinary share (Kobo)	54	80	75

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (previous Nigerian GAAP) and is thus not directly comparable to the above financial information.