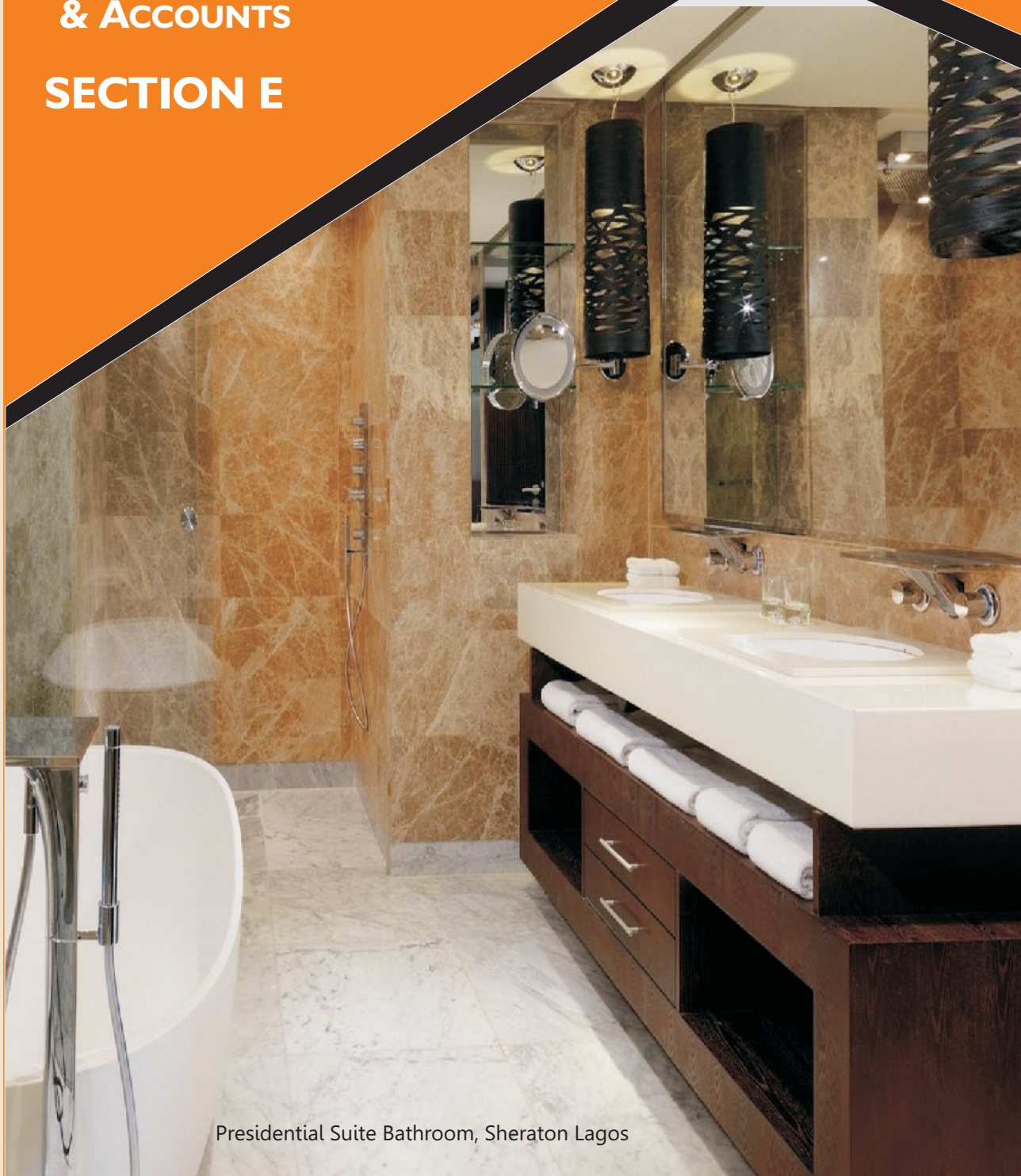


**2012
ANNUAL
REPORT
& ACCOUNTS**

SECTION E



Presidential Suite Bathroom, Sheraton Lagos

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

PKF Professional Services

PKFAccountants &
business advisers**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF IKEJA HOTEL PLC**

We have audited the accompanying consolidated financial statements of **Ikeja Hotel Plc**, set out on pages 2 to 51 which comprise the consolidated statement of financial position at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies, and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of **Ikeja Hotel Plc** at 31 December 2012, and of its financial performance and cash flows for the year then ended; in the manner required by the Companies and Allied Matters Act CAP C20, LFN 2004 and the International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act 6, 2011.

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

Olatunji Ogundeyin, FCA, FRC/2013/ICAN/02224
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Date: 18 March 2014



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Partners: Isa Yusuf, Geoffrey C. Oran, Omede P.S. Adaji, Tajudeen A. Akande, Samuel I. Oshimaha, Najeeb A. Andus-salam
Offices in: Abuja, Bauchi, Jos, Kaduna, Kano.

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REPORT OF THE STATUTORY AUDIT COMMITTEE
FOR THE YEAR ENDED DECEMBER 31, 2012

To the members of Ikeja Hotel Plc

In accordance with the provision of Section 359(6) of the Companies and Allied Matters Act of 2004 the members of the Audit Committee of Ikeja Hotel Plc hereby report on the financial statements for the year ended December 31, 2012 as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the cooperation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Company and Group are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended December 31, 2012 is satisfactory and reinforce the Group's internal control systems.

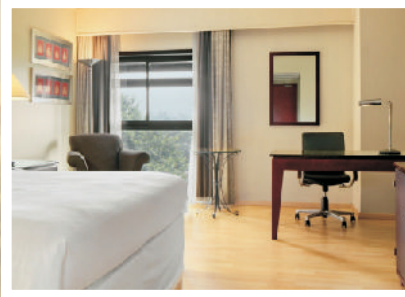
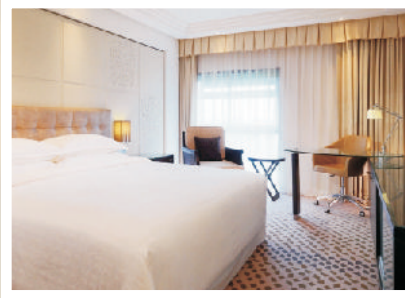
We have deliberated on the findings of the external auditors and have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to the external auditors' recommendations thereon and with the effectiveness of the Company's system of accounting and internal control.

Chief Victor C. N. Oyolu, FCA
FRC/2013/ICAN/00000003347
Chairman, Audit Committee

11th March, 2014

Members of the Audit Committee are:

Chief Victor C. N. Oyolu	Chairman/Shareholder
Alhaji Wahab A. Ajani	Shareholder
Mr. Christopher A. Ezennadili	Shareholder
Senator Felix Ovuoduroye Ibru	Director
Yakubu Akanbi Disu	Director
Mrs. Fadeke Alamutu (Alternate to Dr. O. O. Otudeko, MFR)	Director



**CONSOLIDATED
FINANCIAL
STATEMENTS**

AS AT 31 DECEMBER, 2012



Business Suite Sheraton Lagos




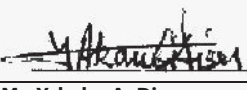
CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AT 31 DECEMBER 2012

	Notes	The Group		The Company		
		2012 N'000	2011 N'000	2012 N'000	2011 N'000	2011 N'000
Non current assets	8.	5,331,498	5,182,685	3,910,770	3,709,883	2,729,578
Property, plant and equipment	9.	850,400	625,262	386,285	161,147	123,073
Capital work in progress	10.	18,062	-	9,985	-	-
Intangible asset	11.		-	4,440,919	4,440,919	4,440,919
Investment in subsidiary	12.	785,065	798,722	798,722	798,722	381,326
Investments accounted for using the equity method	13.	1,864,974	1,786,804	1,864,974	1,786,804	2,204,033
Loans and receivables	14.		-	481,642	481,342	129,251
Due from related party		8,849,999	8,393,473	11,893,297	11,378,817	10,008,180
Current assets	15.	482,609	437,792	264,223	238,065	230,156
Inventories	16.	1,680,556	2,287,865	684,142	830,780	904,319
Trade and other receivables	17.	1,076,689	965,828	687,961	735,958	571,861
Other assets	18.	4,184,336	3,445,441	2,246,461	1,335,053	3,043,123
Cash and cash equivalents		7,424,190	7,136,926	3,882,787	3,139,856	4,749,459
Liabilities	19.	2,099,430	2,372,905	931,158	1,053,242	1,292,550
Current liabilities:	20.	1,072,596	1,006,552	1,045,342	956,533	840,750
Trade and other payables	21.	17,520	22,307	16,691	22,307	24,220
Deferred income	27.	7,365	17,542	7,365	17,542	-
Dividend payable		140,476	616,231	140,476	616,230	233,196
Borrowings	23.	979,115	792,921	712,131	493,644	768,328
Bank overdraft						
Current tax payable		4,316,502	4,828,458	2,853,163	3,159,498	3,159,044
		3,107,688	2,308,468	1,029,624	(19,642)	1,590,415
Net current assets/(liabilities)						
Non current liabilities:	27.		-		-	2,358,297
Borrowings	22.	3,735,567	3,335,941	4,930,431	4,341,384	3,437,790
Due to related parties	26.2	3,464,951	3,653,389	1,375,919	1,606,506	1,398,673
Employee benefits	24.	353,320	603,692	157,345	351,819	50,009
Deferred tax		7,553,838	7,593,022	6,463,695	6,299,709	7,244,769
		4,403,849	3,108,919	6,459,226	5,059,466	4,353,826
Net assets						
Equity attributable to equity holders of the Company	28.	1,039,398	1,039,398	1,039,398	1,039,398	1,039,398
Share capital	29.	1,381,072	1,381,072	1,381,072	1,381,072	1,381,072
Share premium reserve	30.	384,895	(947,852)	4,038,756	2,638,996	1,933,356
Retained earnings		2,805,365	1,472,618	6,459,226	5,059,466	4,353,826
	31.	1,598,484	1,636,301		-	-
Non controlling interest						
		4,403,849	3,108,919	6,459,226	5,059,466	4,353,826
Total equity						

These financial statements were approved by the Board of Directors on **18 March 2014** and signed on its behalf by:


 Mr. Goodie M. Ibrum
 Chairman
 FRC/2013/NIM/00000003510


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


 Mr. Theophilus E. Netur
 Chief Finance Officer
 FRC/2013/ICAN/00000004775

The accompanying significant accounting policies and other explanatory notes form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
Continuing operations					
Revenue	35.	11,263,224	11,778,188	6,944,382	6,954,476
Cost of sales	35.	(5,558,135)	(5,906,140)	(2,626,488)	(3,172,115)
Gross operating profit		5,705,089	5,872,048	4,317,894	3,782,361
Other income	32.	26,859	531,634	60,572	536,024
Sales and marketing expenses		(307,539)	(330,795)	(215,776)	(220,450)
Administration and general expenses	34.	(2,458,509)	(3,127,952)	(1,584,143)	(1,618,142)
Result from operating activities		2,965,900	2,944,935	2,578,547	2,479,793
Net finance cost	33.	(341,977)	(321,255)	(393,677)	(363,874)
Share of loss in investment accounted for using the equity method		(13,657)	-	-	-
Amortisation of goodwill		-	(4,570,747)	-	-
Profit/(loss) before taxation		2,610,266	(1,947,067)	2,184,870	2,115,919
Current tax expense	25.	(844,307)	(658,893)	(650,863)	(365,800)
Deferred tax expense	25.	250,372	(130,747)	194,474	(301,810)
Profit/(loss) for the year		<u>2,016,331</u>	<u>(2,736,707)</u>	<u>1,728,481</u>	<u>1,448,309</u>
Profit attributable to:					
Equity holders of the parent		1,987,770	(4,023,161)	-	-
Non controlling interest		28,561	1,286,454	-	-
Profit for the year		<u>2,016,331</u>	<u>(2,736,707)</u>	<u>1,728,481</u>	<u>1,448,309</u>
Other comprehensive income:					
Actuarial (loss)/gain	26.2	(655,023)	1,031,504	(328,721)	(742,669)
Other comprehensive (loss)/income for the year		<u>(655,023)</u>	<u>1,031,504</u>	<u>(328,721)</u>	<u>(742,669)</u>
Total comprehensive income/(loss) for the year		<u>1,361,308</u>	<u>(1,705,203)</u>	<u>1,399,760</u>	<u>705,640</u>
Total comprehensive income/(loss) for the year attributable to:					
Equity holders of the parent		1,534,238	(4,087,209)	-	-
Non controlling interest		(172,930)	2,382,006	-	-
		<u>1,361,308</u>	<u>(1,705,203)</u>		
Earnings/(loss) per share (Kobo)		<u>97</u>	<u>(132)</u>	<u>83</u>	<u>70</u>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2012

	The Group					The Company				
	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000	Non controlling interest	Total equity	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 31 December 2011	1,039,398	1,381,072	(947,852)	1,472,618	1,636,301	3,108,919	1,039,398	1,381,072	2,638,996	5,059,466
Changes in equity for 2012:										
Profit for the year	-	-	1,987,770	1,987,770	28,561	2,016,331	-	-	1,728,481	1,728,481
Actuarial loss	-	-	(655,023)	(655,023)	-	(655,023)	-	-	(328,721)	(328,721)
Total comprehensive income for the year	-	-	1,332,747	1,332,747	28,561	1,361,308	-	-	1,399,760	1,399,760
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	-	-	-
Dividends paid during the year	-	-	-	-	(66,378)	(66,378)	-	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-	-	-
Contributions by and to owners of the business	-	-	-	-	(66,378)	(66,378)	-	-	-	-
At 31 December 2012	1,039,398	1,381,072	384,896	2,805,366	1,598,464	4,403,850	1,039,398	1,381,072	4,038,756	6,459,226



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2011

	The Group					The Company				
	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000	Non controlling interest N'000	Total equity N'000	Issued share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
At 1 January 2011	1,039,398	1,381,072	2,043,805	4,464,275	-	4,464,275	1,039,398	1,381,072	1,933,356	4,353,826
Changes in equity for 2011:										
Profit for the year	-	-	(4,023,161)	(4,023,161)	1,286,454	(2,736,707)	-	-	1,448,309	1,448,309
Actuarial gain/(loss)	-	-	1,031,504	1,031,504	-	1,031,504	-	-	(742,669)	(742,669)
Total comprehensive income for the year	-	-	(2,991,657)	(2,991,657)	1,286,454	(1,705,203)	-	-	705,640	705,640
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-
Dividends paid during the year	-	-	-	-	(70,117)	(70,117)	-	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	419,964	419,964	-	-	-	-
Contributions by and to owners of the business	-	-	-	-	349,847	349,847	-	-	-	-
At 31 December 2011	1,039,398	1,381,072	(947,852)	1,472,618	1,636,301	3,108,919	1,039,398	1,381,072	2,638,996	5,059,466

The accompanying significant accounting policies and other explanatory notes form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
Profit/(loss) after tax		1,361,308	(1,705,203)	1,399,760	705,640
Adjustment for:					
Depreciation of property, plant and equipment		356,879	314,107	124,823	96,666
Amortisation of intangible asset		2,007	-	1,109	-
Share of loss in investment accounted for using the equity method		13,657	-	-	-
Finance cost (Note 28)		342,842	369,605	393,858	369,605
Dividend received		-	-	(37,442)	(40,117)
Finance income		(865)	(48,350)	(181)	(5,731)
Amortisation of goodwill		-	4,220,747	-	-
Gain on part disposal of investment accounted for using the equity method		-	(376,725)	-	(376,725)
Income tax expense		593,935	789,640	456,389	667,610
		2,669,763	3,563,821	2,338,316	1,416,948
Changes in:					
Inventories		(44,817)	23,566	(26,158)	(7,909)
Trade and other receivables		607,309	(528,860)	146,640	73,537
Other assets		(110,861)	(179,073)	47,996	(164,097)
Loans and receivables		(78,170)	417,228	(78,170)	417,228
Due from related party		-	-	(300)	(352,091)
Post employment benefits		(188,438)	(1,224,381)	(230,587)	207,833
Trade and other payables		(273,475)	316,982	(122,083)	(239,308)
Deferred income		66,044	(28,857)	88,809	115,783
Other liabilities		399,626	816,030	589,047	903,594
Cash generated from operating activities		3,046,981	3,176,456	2,753,510	2,371,518
Income tax paid		(658,113)	(974,486)	(432,376)	(640,484)
Net cash from operating activities		2,388,868	2,201,970	2,321,134	1,731,034
Cash flows from investing activities					
Additional investment in joint venture		-	(646,603)	-	(646,603)
Proceed on part disposal of investment accounted for using the equity method		-	605,741	-	605,741
Purchase of property plant and equipment		(505,692)	(1,276,324)	(325,711)	(1,076,778)
Purchase of intangible assets		(20,069)	-	(11,094)	-
Additions to capital work in progress		(225,138)	(38,074)	(225,138)	(38,074)
Finance income		865	48,350	181	5,731
Dividend received		-	-	37,442	40,117
Net cash used in investing activities		(750,034)	(1,306,910)	(524,320)	(1,109,866)
Cash flows from financing activities					
Repayment of term loan		(10,177)	(2,340,755)	(10,177)	(2,340,755)
Finance cost		(342,842)	(369,605)	(393,858)	(369,605)
Dividend paid		(71,165)	(72,030)	(5,616)	(1,913)
Net cash used in financing activities		(424,184)	(2,782,390)	(409,651)	(2,712,273)
Net increase/(decrease) in cash and cash equivalents		1,214,650	(1,887,330)	1,387,163	(2,091,105)
Cash and cash equivalents at the beginning of the year		2,829,210	4,716,540	718,822	2,809,927
Cash and cash equivalents at the end of the year		4,043,860	2,829,210	2,105,985	718,822

The accompanying significant accounting policies and other explanatory notes form an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012

1. Legal form**1.1 The Group**

The Group comprise Ikeja Hotel Plc. and its subsidiary - Hans Gremlin Limited, a special purpose vehicle which holds 51% of the ordinary shares in Capital Hotels Plc.

1.2 The Company

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

The registered office of the Company is located at 84 Opebi Road, Ikeja, Lagos. The Hotel is managed and operated by Starwood Eame License and Services Company BVBA under an agreement dated 31 October 1980, renewed 1 April 2008.

1.3 Principal activities

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

2. Basis of preparation**2.1** The Group's consolidated financial statements for the year ended December 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the IASB. Additional information required by local regulators is included where appropriate.

These are the first consolidated financial statements of the Group prepared in accordance with IFRS and IFRS 1 - First-time Adoption of IFRS has been applied.

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

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cashflow of the Group is provided in note 46.

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments, property, plant and equipment which were measured at fair value. Also, the liability for defined benefit obligation is recognised as the present value of the defined benefit obligation less the total of the planned assets, plus un recognised actuarial gains/losses, past service cost and unrecognised actuarial losses while the planned assets for defined benefit obligations are measured at fair value.

The consolidated financial statements are presented in Nigerian Naira (NGN), which is the Group's chosen presentational currency.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

2.3 Basis of consolidation

2.3.1 Subsidiary

The consolidated financial statements include the financial statements of Ikeja Hotel Plc and its subsidiaries; Hans Gremlin Limited, Capital Hotels Plc all made up to 31 December 2012.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date in which the Group effectively obtains control of the acquired business, until that control ceases. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of comprehensive income.

Total comprehensive income (ie profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (ie equity transactions). The carrying amounts of the Group's and non controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between the fair value of the consideration received and any investment retained in the former subsidiary and the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

2.3.2 Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity for which the strategic financial and operating decisions require the unanimous consent of the parties sharing control (ie existence of joint control).

The investment in a joint venture is initially recognised at cost and adjusted for the group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the group's share of losses of a joint venture exceeds its interest in the joint venture, the group discontinues recognising its share of further losses.

2.4 Business combination

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by IFRS 3 Business Combinations).

Costs incurred in connection with the acquisition are recognised in profit or loss as incurred. Where a business combination is achieved in stages, previously held interests in the acquiree are remeasured to fair value at the acquisition date (date the Group obtains control) and the resulting gain or loss, is recognised in profit or loss. Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. The costs of integrating and reorganising acquired businesses are charged to the post acquisition profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

If the initial accounting is incomplete at the reporting date, provisional amounts are recorded. These amounts are subsequently adjusted during the measurement period, or additional assets or liabilities are recognised when new information about its existence is obtained during this period.

2.5 Use of estimates

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, the Group has identified the following areas where significant judgments, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

a. Recovery of deferred tax assets

Judgment is required to determine which types of arrangements are considered to be tax on income in contrast to an operating cost. Judgment is also required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses require management assessment of the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by sales volume, operating costs and capital expenditure) and judgment about the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Future changes in tax laws could also limit the ability of the Group to obtain tax deductions in future periods.

b. Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

c. Allowances on trade receivables

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income statement and reflected in an allowance account against receivables. Interest on the impaired asset where applicable



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continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

d. Defined benefit obligation

The present value of defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligation include the discount rate.

The Group determines the discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high- quality corporate bond that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the defined benefit obligation.

3. Summary of Standards and Interpretations effective for the first time in December 2012**a. IAS 24 Related parties**

The revised standard provides some exemptions for certain government related entities, clarifies the definition of a related party and includes an explicit requirement to disclose commitments to related parties. The revised standard specifically defines associates of the ultimate parent company as related parties of the Group and they have been treated as such in these financial statements.

b. IAS 1 Presentation of financial statements

Clarifies that entities may present the analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

c. IFRS 7 Financial instruments

The amended standard clarified that additional disclosure of maximum exposure to credit risk is only required where the exposure is not reflected in the carrying amount. It requires disclosure of the financial effect of collateral held as security for financial assets and removed the requirement to specifically disclose financial assets, where the terms have been renegotiated. It also clarifies that disclosure of financial instruments obtained by calling on security or collateral is only required where those assets are still held at the reporting date.

4. New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted**a. IFRS 9 'Financial instruments'**

This addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The entity is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.



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b. IFRS 13, 'Fair value measurement'

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The entity is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

c. IFRS 10 Consolidated financial statements

Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent Group. The standard revises the definition of control and provides additional guidance to assist in the determination of control where this is difficult to assess. The basic principle that a Group includes a parent and its subsidiaries as if they were a single entity and consolidation procedures remains unchanged.

d. IFRS 11 Joint venture

An entity is required to determine the type of joint arrangement in which it is a party by assessing its rights and obligations. These should then be accounted for in accordance with that type of joint arrangement. The standard defines joint operations and joint ventures and requires the following treatment thereof:

- A joint operation is a joint arrangement where the parties have joint control of the arrangement (joint operators) and have rights to the assets, obligations for the liabilities of the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation.
- A joint venture is a joint arrangement where the parties have joint control of the arrangement (joint venturers) and have rights to the net assets of the arrangement. Joint venturers should account for such investments on the equity method.

e. IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out requirements for disclosure of information of the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial statements.

f. IAS 27 Separate Financial Statements; IAS 28 Investments in Associates and Joint Ventures

These two existing standards have been amended in order to align them with the newly released standards. The revised IAS 27 now deals with the requirements for the preparation of separate financial statements only. The previous standard also dealt with consolidated financial statements, whose requirements are now included in IFRS 10 Consolidated Financial Statements. The standard now requires that Investments in subsidiaries, associates and jointly controlled entities be carried, either at cost or in accordance with IFRS 9.

The effective date of IFRS 10, 11 and 12 and amended IAS 27 and 28 is 1 January 2013. While early adoption is permitted, it must be noted that these should be adopted as a package of standards and none of them may be individually adopted.

5. Summary of significant policies**5.1 Foreign currencies****5.1.1 Foreign currency transactions**

Transactions in foreign currencies are recorded in Nigerian Naira at the rates of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.



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Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction.
- Exchange differences on transactions entered into to hedge foreign currency risks.
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

5.2 Financial instruments

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

5.3 Financial assets

5.3.1 Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and available-for sale financial assets.

5.3.2 Loans and receivables

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

5.3.3 Cash and cash equivalents

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



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5.3.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

5.3.5 Non-derivative financial liabilities

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

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

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

5.4 Equity instruments

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

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

5.5 Property, plant and equipment**5.5.1 Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets.

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



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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 disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

5.5.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

5.5.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

	%
Freehold land	NIL
Building	-
Hotel equipment	-
Office equipment	-
Computer equipment	-
Motor vehicles	-
Land is not depreciated	-

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

5.5.4 Derecognition of property, plant and equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

5.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

5.7 Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.



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5.7.1 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

5.7.2 Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

	%
Computer software	10

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

5.8 Impairment of assets**5.8.1 Financial assets (these include receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise favourable, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive



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income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

5.8.2 Reversals

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

5.8.3 Non-financial assets

The carrying amounts of the Group's non-financial assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit, or CGU).

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

5.8.4 Reversals

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.9 Employee benefits**5.9.1 Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. In accordance with the Pensions Reform Act 2004, contributions are made both by the Group and each employee at the rates of 7.5% each of the employees' pensionable emoluments. The contributory pension scheme is managed by the pension administrator of the staff choice.

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



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Payments to defined contribution plans are recognised as an expense as they fall due. Any contributions outstanding at the period end are included as an accrual in the Statement of Financial Position.

5.9.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. For defined benefit plan, the cost of providing benefits and the liabilities of the schemes are determined using the projected unit credit method with assets valued at bid price and actuarial valuations being carried out at each reporting date. Current service cost, interest cost and return on scheme assets are recognised in the Consolidated Income Statement. Actuarial gains and losses are recognised in full in the period in which they occur in the Statement of Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested, or is amortised on a straight-line basis over the average period until the benefits become vested. When a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the consolidated income statement during the period in which the curtailment occurs.

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

5.9.3 Termination benefits

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

5.9.4 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

5.10 Provisions

Provisions are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

5.10.1 Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Future operating losses are not provided for.



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5.11 Segment reporting

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

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

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

5.12 Revenue recognition

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

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

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

5.12.1 Sale of service

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

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

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

5.12.2 Interest on investment

Interest on investment is recognised on accrual basis when the right to receive payment is established.

5.12.3 Dividend

Dividend from investment is recognised on accrual basis when the right to receive payment is established.



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Dividend income is recognized in the consolidated income statement on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

5.12.4 Rental income

Rental income from shops, etc is recognized in consolidated income statement on a straight-line basis over the term of the rent.

5.13 Taxation**5.13.1 Income tax**

Income tax expense is the aggregate of the charge to the consolidated income statement in respect of current income tax, education tax and deferred income/capital gains tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

5.13.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted at the statement of financial position date. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, via the Consolidated Statement of Comprehensive Income in which case the deferred tax is also dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

5.13.3 Value added tax

Non-recoverable VAT paid in respect of an expense is expensed. Non-recoverable VAT paid in respect of an item of fixed assets is capitalized as part of the cost of the fixed asset.

The net amount owing to or due from the tax authority is included in creditors or debtors.



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5.13.4 Withholding tax

The withholding tax credit is used as set-off against income tax payable.

Withholding tax credit which is considered irrecoverable is written-off as part of the tax charge for the year.

5.14 Finance income and finance costs**5.14.1 Finance income**

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

5.14.2 Finance costs

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

5.15 Earnings per share

The Group presents basic earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the period, adjusted for own shares held.

6. Risk Management Framework

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

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

The Group has exposure to the following risks:

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

Strategic risk

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

Capital Management Policies, Objectives and Approach

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



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

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

Approach to capital management

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

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

Credit risk

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

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

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



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Exposure to risk

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

Financial assets	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
Loans and receivables		1,864,974	1,786,804	1,864,974	1,786,804
Investments accounted for using the equity method		785,065	798,722	798,722	798,722
Trade and other receivables		1,680,556	2,287,865	684,142	830,780
Cash and cash equivalents		4,184,336	3,445,441	2,246,461	1,335,053
		<u>8,514,931</u>	<u>8,318,832</u>	<u>5,594,299</u>	<u>4,751,359</u>

Operational risk

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

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

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

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

Financial risk

The Group has exposure to the following financial risks:

Foreign currency risk

Liquidity risks

Market risks

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

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

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

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



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**Contractual maturity analysis for financial liabilities - Group
At 31 December 2012**

	Due or due within one year N'000	Due after one year N'000	Total N'000
Financial liabilities			
Other liabilities	-	3,735,567	3,735,567
Trade and other payables	2,099,430	-	2,099,430
Dividend payable	17,520	-	17,520
Borrowings	7,365	-	7,365
	<u>2,124,315</u>	<u>3,735,567</u>	<u>5,859,882</u>
At 31 December 2011			
Other liabilities	-	3,335,941	3,335,941
Trade and other payables	2,372,905	-	2,372,905
Dividend payable	22,307	-	22,307
Borrowings	17,542	-	17,542
	<u>2,412,754</u>	<u>3,335,941</u>	<u>5,748,695</u>

Contractual maturity analysis for financial liabilities - Company

At 31 December 2012

	Due or due within one year N'000	Due after one year N'000	Total N'000
Financial liabilities			
Other liabilities	-	4,930,431	4,930,431
Trade and other payables	931,158	-	931,158
Dividend payable	16,691	-	16,691
Borrowings	7,365	-	7,365
	<u>955,214</u>	<u>4,930,431</u>	<u>5,885,645</u>
At 31 December 2011			
Other liabilities	-	4,341,384	4,341,384
Trade and other payables	1,053,242	-	1,053,242
Dividend payable	22,307	-	22,307
Borrowings	17,542	-	17,542
	<u>1,093,091</u>	<u>4,341,384</u>	<u>5,434,475</u>

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

Market risk

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

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

- **Foreign currency risk**

The Group is exposed to transactional currency risk on sale and purchases that are denominated in a



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currency other than the functional currency. This exposure is managed through a domiciliary account maintained to effect transactions denominated in foreign currencies.

- **Price risk**

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

7. Fair value determination

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

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

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

7.1 Financial instruments and fair values

As explained in Note 5.3, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, such changes in fair value are recognized in the statement of comprehensive income either through the income statement or other comprehensive income. For items measured at amortised cost, changes in value are recognised in the income statement of the statement of comprehensive income.

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

**The Group
At 31 December 2012**

	Notes	Fair value N'000	Amortised cost N'000	Carrying amount N'000
Assets				
Cash and cash equivalents		4,184,336	-	4,184,336
Trade and other receivables		-	1,680,556	1,680,556
Loans and receivables		-	1,864,974	1,864,974
Investments accounted for using the equity		785,065	-	785,065
		<u>4,969,401</u>	<u>3,545,530</u>	<u>8,514,931</u>
Liabilities				
Trade and other payables		2,099,430	-	2,099,430
Bank overdrafts		140,476	-	140,476
Borrowings		-	7,365	7,365
Other liabilities		3,735,567	-	3,735,567
		<u>5,975,473</u>	<u>7,365</u>	<u>5,982,838</u>
At 31 December 2011				
Assets				
Cash and cash equivalents		3,445,441	-	3,445,441
Trade and other receivables		-	2,287,865	2,287,865
Loans and receivables		-	1,786,804	1,786,804
Investments accounted for using the equity		798,722	-	798,722
		<u>4,244,162</u>	<u>4,074,669</u>	<u>8,318,831</u>



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FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Fair value N'000	Amortised cost N'000	Carrying amount N'000
Liabilities				
Trade and other payables		2,372,905	-	2,372,905
Bank overdrafts		616,231	-	616,231
Borrowings		-	17,542	17,542
Other liabilities		3,335,941	-	3,335,941
		<u>6,325,076</u>	<u>17,542</u>	<u>6,342,618</u>
The Company At 31 December 2012				
Assets				
Cash and cash equivalents		2,246,461	-	2,246,461
Trade and other receivables		-	684,142	684,142
Loans and receivables		-	1,864,974	1,864,974
Investments accounted for using the equity		798,722	-	798,722
		<u>3,045,183</u>	<u>2,549,116</u>	<u>5,594,299</u>
Liabilities				
Trade and other payables		931,158	-	931,158
Bank overdrafts		140,476	-	140,476
Borrowings		-	7,365	7,365
Other liabilities		1,375,919	-	1,375,919
		<u>2,447,553</u>	<u>7,365</u>	<u>2,454,918</u>
At 31 December 2011				
Assets				
Cash and cash equivalents		1,335,053	-	1,335,053
Trade and other receivables		-	830,780	830,780
Loans and receivables		-	1,786,804	1,786,804
Investments accounted for using the equity		798,722	-	798,722
		<u>2,133,775</u>	<u>2,617,584</u>	<u>4,751,359</u>
Liabilities				
Trade and other payables		1,053,242	-	1,053,242
Bank overdrafts		616,230	-	616,230
Borrowings		-	17,542	17,542
Other liabilities		1,606,506	-	1,606,506
		<u>3,275,978</u>	<u>17,542</u>	<u>3,293,520</u>

7.2 Fair valuation methods and assumptions

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

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

7.3 Fair value measurements recognised in the statement of financial position

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



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

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

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

8. Property, plant and equipment

8.1 The Group	Land N'000	Building N'000	Equipment N'000	Plant and machinery N'000	Motor vehicles N'000	Total N'000
Cost/valuation						
At 1 January	3,406,260	1,230,470	2,697,714	1,580,000	372,011	9,286,455
Additions in the year	-	21,480	393,422	57,758	33,032	505,692
At 31 December	<u>3,406,260</u>	<u>1,251,950</u>	<u>3,091,136</u>	<u>1,637,758</u>	<u>405,043</u>	<u>9,792,147</u>
Depreciation						
At 1 January	-	511,591	2,205,327	1,040,447	346,405	4,103,770
Charge for the year	-	38,214	154,352	133,774	30,539	356,879
At 31 December	-	<u>549,805</u>	<u>2,359,679</u>	<u>1,174,221</u>	<u>376,944</u>	<u>4,460,649</u>
Net book value:						
At 31 December 2012	<u>3,406,260</u>	<u>702,145</u>	<u>731,457</u>	<u>463,537</u>	<u>28,099</u>	<u>5,331,498</u>
At 31 December 2011	<u>3,406,260</u>	<u>718,879</u>	<u>492,387</u>	<u>539,553</u>	<u>25,606</u>	<u>5,182,685</u>
8.2 The Company						
Cost/valuation						
At 1 January	3,084,350	655,908	628,107	173,994	199,732	4,742,091
Additions in the year	-	10,374	286,878	4,069	24,390	325,711
At 31 December	<u>3,084,350</u>	<u>666,282</u>	<u>914,985</u>	<u>178,063</u>	<u>224,122</u>	<u>5,067,802</u>
Depreciation						
At 1 January	-	323,435	389,334	132,514	186,925	1,032,208
Charge for the year	-	24,367	70,403	10,466	19,588	124,824
At 31 December	-	<u>347,802</u>	<u>459,737</u>	<u>142,980</u>	<u>206,513</u>	<u>1,157,032</u>
Net book value:						
At 31 December 2012	<u>3,084,350</u>	<u>318,480</u>	<u>455,249</u>	<u>35,083</u>	<u>17,609</u>	<u>3,910,770</u>
At 31 December 2011	<u>3,084,350</u>	<u>332,474</u>	<u>238,772</u>	<u>41,481</u>	<u>12,807</u>	<u>3,709,883</u>



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	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
9. Capital work in progress					
At 1 January		625,262	587,188	161,147	123,073
Additions in the year		225,138	38,074	225,138	38,074
At 31 December		850,400	625,262	386,285	161,147
This represents on going renovation works at the Hotel.					
10. Intangible asset					
Computer software					
Cost					
At 1 January		-	-	-	-
Additions in the year		20,069	-	11,094	-
At 31 December		20,069	-	11,094	-
Amortization					
At 1 January		-	-	-	-
Charge for the year		2,007	-	1,109	-
At 31 December		2,007	-	1,109	-
Carrying value		18,062	-	9,985	-
11. Investment in subsidiary					
Hans Gremlin Nigeria Limited		-	-	4,440,919	4,440,919

The Company holds 75% of the issued share capital of Hans Gremlin Nigeria Limited, a special purpose vehicle used in acquiring 51% of the issued share capital of Capital Hotels Plc.

11.1 Name	Country of incorporation	Proportion of ownership	Principal activities
• Hans Gremlin Nigeria Limited	Nigeria	75%	Special purpose vehicle
• Capital Hotels Limited	Nigeria	38.25%	Operation of hotels and restaurants, apartment letting, recreational facilities, night clubs and a business center.

12. Investment accounted for using the equity method

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

Aggregate amounts relating to investment in joint venture include:



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	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
Current assets		151,300	-	-	-
Non current asset		1,209,804	-	-	-
Current liabilities		126,385	-	-	-
Non current liabilities		989,384	-	-	-
Income		224,954	-	-	-
Expenses		238,611	-	-	-
At 1 January		798,722	381,326	798,722	381,326
Additions		-	646,603	-	646,603
Disposal		-	(229,207)	-	(229,207)
Share of loss of joint venture		(13,657)	-	-	-
At 31 December		<u>785,065</u>	<u>798,722</u>	<u>798,722</u>	<u>798,722</u>

13. Loans and receivables

	The Group			The Company		
	US \$'000	2012 N'000	2011 N'000	US \$'000	2012 N'000	2011 N'000
At 1 January	11,439	1,786,804	2,204,033	11,439	1,786,804	2,204,033
Receipts	-	-	(644,644)	-	-	(644,644)
Interest capitalised	572	88,808	115,783	572	88,808	115,783
Exchange revaluation	-	(10,638)	111,632	-	(10,638)	111,632
At 31 December	<u>12,011</u>	<u>1,864,974</u>	<u>1,786,804</u>	<u>12,011</u>	<u>1,864,974</u>	<u>1,786,804</u>

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

14. Due from related party

Hans Gremlin Nigeria Limited

	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Hans Gremlin Nigeria Limited	-	-	481,642	481,342
	-	-	<u>481,642</u>	<u>481,342</u>

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

15. Inventories

Food and beverage	118,059	126,287	52,221	56,984
Maintenance supplies	150,659	127,303	68,086	52,442
Operating supplies	133,215	111,996	99,032	93,222
Office supplies	12,239	24,105	-	13,365
General stores	68,437	48,101	44,884	22,052
	<u>482,609</u>	<u>437,792</u>	<u>264,223</u>	<u>238,065</u>



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	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
16. Trade and other receivables					
Trade receivables		1,556,600	2,001,602	786,884	962,327
Allowances for impairment losses		(230,485)	(205,413)	(110,842)	(131,547)
Net trade receivables		1,326,115	1,796,189	676,042	830,780
Other receivables		354,441	491,676	8,100	-
		1,680,556	2,287,865	684,142	830,780

Other receivables are expected to be recoverable.

16.1 An analysis of trade receivables

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

Trade receivables that are neither impaired nor past due are made up of 35% of debtors balances (2011: 42%). The average age of these debtors is 53 days (2011: 62 days). No debtors balances have been renegotiated during the year or in the prior year.

The ageing of trade receivables at the reporting date was:

	2012		2011	
	Gross N'000	Impairment allowance N'000	Gross N'000	Impairment allowance N'000
16.1.1 The Group				
Fully performing	587,797	-	838,193	-
Past due by 1 - 30 days	360,215	-	388,344	-
Past due by 31 - 60 days	148,092	13,546	189,646	26,507
Past due by 61 - 90 days	61,436	18,234	81,776	12,828
Past due by 91 - 120 days	91,682	37,412	459,502	29,650
Past due by more than 121 days	307,378	161,293	44,141	136,428
	1,556,600	230,485	2,001,602	205,413
16.1.2 The Company				
Fully performing	407,817	-	594,473	-
Past due by 1 - 30 days	263,240	-	258,664	-
Past due by 31 - 60 days	55,684	13,546	51,029	25,514
Past due by 61 - 90 days	18,234	18,234	9,360	9,660
Past due by 91 - 120 days	37,414	37,412	4,661	4,661
Past due by more than 121 days	4,495	41,650	44,140	91,712
	786,884	110,842	962,327	131,547

At 31 December 2012, the Group recognised N230 million (2011: N205 million) as allowances for impairment losses of its trade receivables.



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	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
17. Other assets					
Prepayments		99,789	53,079	41,997	15,905
Withholding tax receivable		652,135	609,685	559,381	609,685
Advances to suppliers		233,558	209,954	49,893	84,210
Sheraton Brand Hotels		-	25,266	17,045	23,604
Advances to employees		89,961	67,844	13,844	2,554
VAT receivable		-	-	4,555	-
Insurance claim receivable		1,246	-	1,246	-
		1,076,689	965,828	687,961	735,958
18. Cash and cash equivalents					
Cash in hand		5,821	5,946	975	1,225
Cash at bank		884,411	1,414,146	655,281	383,060
		890,232	1,420,092	656,256	384,285
Time deposits		3,294,104	2,025,349	1,590,205	950,768
		4,184,336	3,445,441	2,246,461	1,335,053
Time deposits relates to tenured placement with Nigerian banks at varying interest rates.					
19. Trade and other payables					
Trade payables		215,341	629,850	92,907	96,174
Accrued expenses		424,397	1,143,927	329,520	395,798
Deposits		248,134	32,902	-	-
Due to Starwood Eame License and Service Company		50,434	109,683	50,434	49,713
Statutory deductions		28,620	112,009	24,194	90,541
Sheraton Brand Hotels		-	10,488	-	87,831
Other credit balances		1,132,504	334,046	434,103	333,185
		2,099,430	2,372,905	931,158	1,053,242
The fair value of accounts payable and accruals approximate their carrying value.					
20. Deferred income					
Ikeja Hotel (Note 20.1)		1,045,342	956,533	1,045,342	956,533
Capital Hotel (Note 20.2)		27,254	50,019	-	-
		1,072,596	1,006,552	1,045,342	956,533
20.1	For the Company, deferred income relates to interest receivable from the loan to The Tourist Company of Nigeria Plc, which are payable when cashflow allows.				
20.2	This relates to advance payment received for the use of hotel services ie swimming pool, spa and other health services.				



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	Assets		Liabilities		Net	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000	2012 N'000	2011 N'000
24.2 The Company						
Property, plant and equipment	159,338	351,819	-	-	159,338	351,819
Exchange loss/gain	-	-	(1,994)	-	(1,994)	-
Provisions	-	-	-	-	-	-
	159,338	351,819	(1,994)	-	157,344	351,819
Tax liability carry forwards	-	-	-	-	(351,819)	(50,009)
Tax liability brought forwards	-	-	-	-	-	-
Deferred tax (asset)/liability	-	-	-	-	(194,475)	301,810

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

	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
25. Taxation charge				
Income tax	781,622	610,759	604,969	340,293
Education tax	62,685	48,134	45,894	25,507
	844,307	658,893	650,863	365,800
Deferred taxation	(250,372)	130,747	(194,474)	301,810
Income statement	593,935	789,640	456,389	667,610
25.1 Reconciliation of effective tax rate				
25.1.1 The tax expense				
Profit/loss before tax	2,610,266	(1,947,067)	2,184,870	2,115,919
Tax @ 30%	783,080	(584,120)	655,461	634,775
Deductible items	126,302	96,900	32,953	(31,542)
Balancing charge	-	68	-	68
Capital allowance	(158,667)	(111,319)	(83,445)	(42,383)
Education tax	61,629	48,134	45,894	25,507
IFRS implications	-	(370,050)	-	(220,625)
Deferred tax effect	(218,409)	130,747	(194,474)	301,810
Tax expense for the year	593,935	(789,640)	456,389	667,610
Profit after tax	2,016,331	(2,736,707)	1,728,481	1,448,309
25.1.2 The tax rate is reconciled to the effective tax rate as follows:				
	%	%	%	%
Tax rate	30	30	30	30
Deductible items	5	(5)	2	(1)
Balancing charge	-	-	-	-
Capital allowance	(6)	6	(4)	(2)
Education tax	2	(2)	2	1
IFRS implications	-	19	-	(9)
Deferred tax effect	(8)	(7)	(9)	14
Total effective tax rate	23	41	21	33



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	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
26. Employee benefits				
26.1 Defined contribution plan				
At 1 January	-	-	-	-
Provision during the year	129,980	121,332	74,108	68,732
Payments during the year	(129,980)	(121,332)	(74,108)	(68,732)
At 31 December	-	-	-	-
26.2 Defined benefits plan				
At 1 January	3,653,389	4,877,770	1,606,506	1,398,673
Current service cost	247,013	368,417	114,103	118,714
Past service cost	(723,357)	-	(398,983)	-
Interest cost	443,020	481,158	163,877	190,780
Payments in the year	(810,137)	(1,042,452)	(438,305)	(844,330)
Actuarial loss/(gain)	655,023	(1,031,504)	328,721	742,669
At 31 December	3,464,951	3,653,389	1,375,919	1,606,506
Past service cost				
This relates to the impact of the capping of the benefits of the gratuity scheme with effect from 31 December 2011. The capping is as follows:				
- members with less than 15 years of service will only receive a maximum benefit of 300 weeks of their annual gross earnings on retirement or exit from the Scheme.				
- members who have more than 15 years of service will only receive a maximum benefit of 357 weeks of their annual gross earnings on retirement or exit from the Scheme.				
	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
27. Borrowings				
At 1 January	17,542	2,358,297	17,542	2,358,297
Repayment in the year	(10,177)	(2,340,755)	(10,177)	(2,340,755)
At 31 December	7,365	17,542	7,365	17,542
Term loan represents the outstanding balance on N3.6 billion loan from a consortium of Nigerian banks at an interest rate of 19% per annum + market variation. The loan was used to finance the acquisition of 75% holding in Hans-Gremlin Nigeria Limited. The borrowings are secured on the fixed and floating assets of the Company.				
28. Share capital				
28.1 Authorised				
4,000,000,000 Ordinary shares of 50 kobo each	2,000,000	2,000,000	2,000,000	2,000,000
28.2 Issued and fully paid				
2,078,796,399 ordinary shares of 50 kobo each	1,039,398	1,039,398	1,039,398	1,039,398



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Notes	The Group		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
29. Share premium reserve					
At 31 December		<u>1,381,072</u>	<u>1,381,072</u>	<u>1,381,072</u>	<u>1,381,072</u>
30. Retained earnings					
At 1 January		(947,852)	2,043,805	2,638,996	1,933,356
Transfer from profit or loss account		<u>1,332,747</u>	<u>(2,991,657)</u>	<u>1,399,760</u>	<u>705,640</u>
At 31 December		<u>384,895</u>	<u>(947,852)</u>	<u>4,038,756</u>	<u>2,638,996</u>
31. Non controlling interest					
At 1 January		1,636,301	-		
Non controlling interest in Hans Gremlin Limited		-	346,574	-	-
Share capital		-	97,486	-	-
Share premium		-	1,384,301	-	-
Opening general reserve		-	(1,408,396)	-	-
Dividend		(66,378)	(70,118)	-	-
Share of profit		<u>28,561</u>	<u>1,286,454</u>	-	-
At 31 December		<u>1,598,484</u>	<u>1,636,301</u>	-	-
32. Other income					
Gain on disposal of available for sale asset		-	376,725	-	376,725
Gain on currency translation		-	141,145	-	111,632
Dividend income		-	-	37,442	40,117
Fee income (Note 41)		22,940	7,324	20,175	7,324
Sundry receipts		<u>3,919</u>	<u>6,440</u>	<u>2,955</u>	<u>226</u>
		<u>26,859</u>	<u>531,634</u>	<u>60,572</u>	<u>536,024</u>
33. Finance income and finance cost					
Interest income		<u>865</u>	<u>48,350</u>	<u>181</u>	<u>5,731</u>
Interest expense		<u>342,842</u>	<u>369,605</u>	<u>393,858</u>	<u>369,605</u>
Net finance cost		<u>(341,977)</u>	<u>(321,255)</u>	<u>(393,677)</u>	<u>(363,874)</u>
Interest income represents interest earned on bank deposits while interest expense represents charges paid and/or payable on loans.					



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
34. Administrative and general expenses				
Directors' remuneration	45,322	41,133	15,455	15,180
Management service charge (Note 34.1)	220,233	936,749	-	691,473
Employee costs (Note 34.2)	650,050	1,074,580	600,237	309,493
Depreciation of property, plant and equipment	356,880	314,107	124,824	96,666
Management fees	215,665	263,340	105,548	105,560
Operators incentive fee	123,374	105,181	95,927	96,815
Legal and professional fees (Note 34.3)	210,089	79,570	193,620	72,069
Insurance	124,238	99,199	91,132	65,562
Medical expenses	18,972	44,325	18,972	43,712
Transport and travelling	81,284	37,629	72,443	25,716
Repairs and maintenance	46,258	32,287	43,910	30,674
Provision for doubtful balances	69,803	-	-	-
Bank charges	53,362	8,057	43,448	7,823
Loss on currency translation	14,726	-	6,646	-
Audit fee	14,450	11,950	8,000	6,000
Other administrative expenses	213,803	79,845	163,981	51,399
	2,458,509	3,127,952	1,584,143	1,618,142

For the Company:

- 34.1** The charge for management service has been discontinued.
- 34.2** The increase in employee cost is resulting from the 17% increase in staff strength in the year and the recognition for the first time the employee cost of the administrative staff of Ikeja Hotel Plc. This was previously managed by IHL Services Limited through a management service agreement which has been discontinued.
- 34.3** The significant increase in legal and professional fees is attributed to a number of factors, some of which include the cost of sourcing for investors and the legal fees incurred in a related party dispute to which the Company is the third plaintiff.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

35. Segment information**35.1 Operating segments**

The Company has three reportable segments, summarised as follows:

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

	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Revenue				
Rooms	7,237,690	7,774,403	4,948,289	5,192,552
Food and beverage	3,434,831	3,471,309	1,693,833	1,560,601
Other minor operating departments	590,703	532,476	302,260	201,323
	11,263,224	11,778,188	6,944,382	6,954,476
Cost of sales				
Rooms	1,358,221	1,434,903	891,869	957,507
Food and beverage	2,472,039	1,769,637	1,307,116	1,375,182
Other minor operating departments	1,727,875	2,701,600	427,503	839,426
	5,558,135	5,906,140	2,626,488	3,172,115
Gross profit	5,705,089	5,872,048	4,317,894	3,782,361
Gross profit margin (%)	51	50	62	54
There is no disclosure of depreciation and assets per business segment because the assets of the Company are not directly related				
36. Reconciliation of cash and cash equivalent				
Cash in hand	5,821	5,946	975	1,225
Cash at bank	884,411	1,414,146	655,281	383,060
	890,232	1,420,092	656,256	384,285
Time deposits	3,294,104	2,025,349	1,590,205	950,768
Bank overdraft	(140,476)	(616,231)	(140,476)	(616,231)
	4,043,860	2,829,210	2,105,985	718,822


 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012

	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
37. Earnings per share				
Earnings/(loss) per share (Basic) have been computed for each year on the profit after tax attributable to ordinary shareholders and divided by the number of issued and fully paid up 0.50 kobo ordinary shares during the year.				
Profit/(loss) after taxation	<u>2,016,331</u>	<u>(2,736,707)</u>	<u>1,728,481</u>	<u>1,448,309</u>
Number of shares	<u>2,078,796</u>	<u>2,078,796</u>	<u>2,078,796</u>	<u>2,078,796</u>
Earnings/(loss) per share (Kobo)	<u>97</u>	<u>(132)</u>	<u>83</u>	<u>70</u>
38. Information regarding directors and employees				
38.1 Emolument of the directors				
Non - executive directors fee	2,900	2,100	600	600
Chairman's fee (included above)	500	450	200	200
Emoluments paid to Executive Directors	-	-	-	-
38.2 Other expenses				
Chairman	3,380	3,380	1,562	1,562
Directors	24,876	26,190	13,293	13,018
	<u>28,256</u>	<u>29,570</u>	<u>14,855</u>	<u>14,580</u>
In addition to the above, the Company provided non cash benefits to the Chairman				
38.3 Scale of directors' remuneration				
The number of directors excluding the Chairman whose expenses fell within the following ranges are:				
	Number	Number	Number	Number
NO - N100,000	-	-	-	-
N100,001 and above	<u>14</u>	<u>12</u>	<u>5</u>	<u>6</u>
	<u>14</u>	<u>12</u>	<u>5</u>	<u>6</u>
38.4 Personnel compensation				
Personnel compensation comprised:				
Short-term employee benefits	3,140,787	2,825,784	1,759,711	1,601,329
Contribution to pension fund scheme	63,483	60,666	37,054	34,366
Defined benefit gratuity scheme	365,659	849,575	277,980	309,493
	<u>3,569,929</u>	<u>3,736,025</u>	<u>2,074,745</u>	<u>1,945,188</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	The Group		The Company	
	2012 Number	2011 Number	2012 Number	2011 Number
38.5 The average number of persons employed during the year by category				
Management staff	76	73	53	48
Non-management staff	907	1,132	479	406
	983	1,205	532	454
38.6 Scale of employees' remuneration				
N	N			
Less than - 250,000	-	151	-	151
250,001 - 500,000	6	380	6	183
500,001 - 750,000	315	257	214	45
750,001 - 1,000,000	206	24	56	24
1,000,001 - 1,250,000	162	326	47	28
1,250,001 - 1,500,000	141	67	56	23
1,500,001 - 1,750,000	61	-	61	-
1,750,001 - 2,000,000	45	-	45	-
Above - 2,000,001	47	-	47	-
	983	1,205	532	454

39. Related party transaction

During the year, the Group had significant business dealings with the related parties. The transaction value and balances of these business dealings are:

	Value of transactions in the year	
	2012 N'000	2011 N'000
39.1 The Tourist Company of Nigeria Plc Ikeja Hotel Plc is a shareholder of the company and some directors on the Board of the Company also serve on the Board of Ikeja Hotel Plc. Transaction in the year relate to fee income received for support services	20,175	645,000
39.2 Hans-Gremlins (Nigeria) Limited The Company is a subsidiary of Ikeja Hotel Plc and some of the directors serve on the board of both companies. Transaction in the year related to dividend income from Hans Gremlin Nigeria Limited		
39.3 Minabo Limited One of the directors of Ikeja Hotel Plc is also a director of Minabo Limited. Transaction in the year relate to interest payable on outstanding loan liability.		
Transaction in the year related to dividend income from Minabo Limited	98,332	1,019,421



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Value of transactions in the year	
	2012 N'000	2011 N'000
<p>39.4 Associated Ventures International Limited One of the directors of the Company is also a director of Associated Ventures International Limited. Transaction relates to interest payable on outstanding loan balance.</p> <p>Transaction in the year related to dividend income from Associated Ventures International Limited.</p>	63,840	645,079
<p>39.5 Oma Trust Limited One of the directors of the Company is also a director of Oma Trust Limited.</p> <p>Transaction in the year was in respect of interest accrued on outstanding loan liability</p>	180,670	645,079
<p>39.6 G. M. Ibru & Co A partner in the Firm is a director of Ikeja Hotel Plc. The Firm provides legal services to the Company and occupies office space from the Company. No rent has been charged for the office space.</p>	802	3,811
<p>39.7 Minet Nigeria Limited A director in the Company is also a director in Ikeja Hotel Plc. It provides insurance brokerage services to the Company.</p>	72,426	(102,356)
<p>39.8 AVI Services Limited The Company has certain directors in common with Ikeja Hotel Plc It provides a staff transport service to Ikeja Hotel Plc, operates a car hire business at the Hotel.</p>	85,212	46,185
<p>39.9 Capital Hotels Plc Capital Hotels Plc is a member of the Ikeja Hotel Group. Transactions in the year relate to:</p> <ul style="list-style-type: none"> - interest paid/payable on loan - additional advance received 	50,015 180,000	- -
<p>40. Financial commitments The directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these consolidated financial statements. These liabilities are relevant in assessing the Company's state of affairs.</p>		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

41. Management/technical service agreement

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

42. Support services agreement

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

42.1 Basic fee

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

42.2 Incentive fee

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

43. Contingent liabilities

The Group is subject to various pending litigations arising in the normal course of business. The contingent liabilities in respect of pending litigations amounted to N93 million as at 31 December 2012 (2011: N272 million). In the opinion of the Directors, based on legal advice, no material loss is expected to arise from these claims. Therefore, no provision has been made in the consolidated financial statements.

44. Events after the reporting date

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

45. Prior period corresponding balances

Certain prior period balances have been reclassified to ensure proper disclosure and uniformity with current year's presentation. These reclassification have no net impact on these financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

46. Explanation of transition to IFRSs

As stated in note 2(a), these are the Company's first financial statements prepared in accordance with IFRSs.

The accounting policies have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS statement of financial position at 1 January 2011 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with Nigerian GAAP. An explanation of how the transition from previous GAAP to IFRSs has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

46.1 Reconciliation of equity - The Group

				31-Dec-11		
Note	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000			
Non current assets						
Property, plant and equipment	a	3,409,280	1,773,405	5,182,685		
Capital work in progress	q	-	625,262	625,262		
Investment	b	798,722	(798,722)	-		
Investment in subsidiaries		-	-	-		
Investments accounted for using the equity method	b	-	798,722	798,722		
Loans and receivables	e	-	1,786,804	1,786,804		
		4,208,002	4,185,471	8,393,473		
Current assets						
Inventories	c	410,458	27,334	437,792		
Trade debtors	d	1,796,189	(1,796,189)	-		
Due from related parties	e	1,880,718	(1,880,718)	-		
Other debtors and prepayments	q, f	1,593,383	(1,593,383)	-		
Trade and other receivables	d, f	-	2,287,866	2,287,866		
Other assets	f	-	965,828	965,828		
Cash and cash equivalents		3,445,440	-	3,445,440		
		9,126,188	(1,989,262)	7,136,926		
Liabilities						
Current liabilities:						
Bank overdraft		616,231	-	616,231		
Term loan	g	17,542	(17,542)	-		
Borrowings	g	-	17,542	17,542		
Trade creditors	h	629,850	(629,850)	-		
Due to related parties		3,316,609	(3,316,609)	-		
Other creditors and accruals	j	2,508,245	(2,508,245)	-		
Trade and other payables	h, j	-	2,372,905	2,372,905		
Deferred income	h	-	1,006,552	1,006,552		
Dividend payable		22,307	-	22,307		
Current tax payable		792,921	-	792,921		
		7,903,705	(3,075,247)	4,828,458		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

				31-Dec-11			
				Note	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Net current assets					1,222,483	1,085,985	2,308,468
Non current liabilities:							
Other liabilities					-	3,335,941	3,335,941
Employee benefits				i	3,538,381	115,008	3,653,389
Deferred tax					603,692	-	603,692
					<u>4,142,073</u>	<u>3,450,949</u>	<u>7,593,022</u>
Net assets					<u>1,288,412</u>	<u>1,820,507</u>	<u>3,108,919</u>
Equity attributable to equity holders of the Company							
Share capital					1,039,398	-	1,039,398
Share premium reserve					1,381,072	-	1,381,072
Revaluation reserve				m	171,841	(171,841)	-
Exchange revaluation reserve				n	283,266	(283,266)	-
Retained earnings				c, m, n	(3,674,276)	2,726,424	(947,852)
					<u>(798,699)</u>	<u>2,271,317</u>	<u>1,472,618</u>
Non controlling interest					<u>2,087,111</u>	<u>(450,810)</u>	<u>1,636,301</u>
Total equity					1,288,412	1,820,507	3,108,919
46.2 Reconciliation of income - The Group							
				Note	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Revenue				o	11,942,843	(164,655)	11,778,188
Cost of sales				i	(6,578,538)	672,398	(5,906,140)
Gross profit					5,364,305	507,743	5,872,048
Other income				r	62,114	469,520	531,634
Sales and marketing expenses				o, i	-	(330,795)	(330,795)
Administration and general expenses				i	(3,176,030)	48,078	(3,127,952)
Result from operating activities					2,250,389	694,546	2,944,935
Finance income				p	-	48,350	48,350
Finance cost					(369,605)	-	(369,605)
Net finance cost					<u>(369,605)</u>	<u>48,350</u>	<u>(321,255)</u>
Amortisation of goodwill				s	(3,924,249)	(646,498)	(4,570,747)
Profit before taxation and exceptional item					<u>(2,043,465)</u>	<u>96,398</u>	<u>(1,947,067)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Profit before taxation and exceptional item		(2,043,465)	96,398	(1,947,067)
Exceptional item	r	376,725	(376,725)	-
Profit after exceptional item but before taxation		(1,666,740)	(280,327)	(1,947,067)
Current tax expense		(658,893)	-	(658,893)
Deferred tax expense		(130,747)	-	(130,747)
Profit for the year from continuing operations		(2,456,380)	(280,327)	(2,736,707)
Profit attributable to:				
Equity holders of the parent		(2,727,388)	(1,295,773)	(4,023,161)
Non controlling interest		271,008	1,015,446	1,286,454
Profit for the year		(2,456,380)	(280,327)	(2,736,707)
Other comprehensive income:				
Actuarial loss	i	-	1,031,504	1,031,504
Other comprehensive income for the year		-	1,031,504	1,031,504
Total comprehensive income for the year		<u>(2,456,380)</u>	<u>751,177</u>	<u>(1,705,203)</u>
Total comprehensive income for the year attributable to:				
Equity holders of the parent		-	(4,087,209)	(4,087,209)
Non controlling interest		-	2,382,006	2,382,006
		-	(1,705,203)	(1,705,203)
Earnings per share (Kobo)		<u>(118)</u>	<u>(14)</u>	<u>(132)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Reconciliation of equity - The Company

46.3

Note	31-Dec-11			1-Jan-11		
	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Non current assets						
Property, plant and equipment	1,590,351	2,119,532	3,709,883	610,190	2,119,388	2,729,578
Investment	5,239,641	(5,239,641)	-	4,841,320	(4,841,320)	-
Capital work in progress	-	161,147	161,147	-	123,073	123,073
Investment in subsidiaries	-	4,440,919	4,440,919	-	4,440,919	4,440,919
Investment in joint venture	-	798,722	798,722	-	381,326	381,326
Loans and receivables	-	1,786,804	1,786,804	-	2,204,033	2,204,033
Due from related party	-	481,342	481,342	-	129,251	129,251
	<u>6,829,992</u>	<u>4,548,825</u>	<u>11,378,817</u>	<u>5,451,510</u>	<u>4,556,670</u>	<u>10,008,180</u>
Current assets						
Inventories	210,732	27,333	238,065	210,732	27,333	238,065
Trade debtors	831,211	(831,211)	-	831,211	(831,211)	-
Due from related parties	2,359,968	(2,359,968)	-	2,359,968	(2,359,968)	-
Other debtors and prepayments	879,774	(879,774)	-	879,774	(879,774)	-
Trade and other receivables	-	830,780	830,780	-	830,780	830,780
Other assets	1,335,053	735,958	735,958	1,335,053	735,958	735,958
Cash and cash equivalents	-	-	1,335,053	-	-	1,335,053
	<u>5,616,738</u>	<u>(2,476,882)</u>	<u>3,139,856</u>	<u>5,616,738</u>	<u>(2,476,882)</u>	<u>3,139,856</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Note	31-Dec-11			1-Jan-11		
	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Liabilities						
Current liabilities:						
g	616,230	-	616,230	233,196	-	233,196
g	17,542	(17,542)	-	-	-	-
h	-	17,542	17,542	-	-	-
i	96,174	(96,174)	-	102,729	(102,729)	-
j	4,399,336	(4,399,336)	-	3,544,047	(3,544,047)	-
j	1,601,171	(1,601,171)	-	1,918,798	(1,918,798)	-
	22,307	-	22,307	24,220	-	24,220
h,j	-	1,053,242	1,053,242	-	1,292,550	1,292,550
j	-	956,533	956,533	-	840,750	840,750
	493,644	-	493,644	768,328	-	768,328
	7,246,404	(4,086,906)	3,159,498	6,591,318	(3,432,274)	3,159,044
	(1,629,666)	1,610,024	(19,642)	(974,580)	955,392	(19,188)
Net (liabilities)/current assets						
Non current liabilities:						
k	-	-	-	2,358,297	(2,358,297)	-
k	-	-	-	-	2,358,297	2,358,297
i	-	4,341,384	4,341,384	-	3,437,790	3,437,790
l	1,890,370	(283,864)	1,606,506	1,986,950	(588,277)	1,398,673
a	351,819	-	351,819	50,009	-	50,009
	2,242,189	4,057,520	6,299,709	4,395,256	2,849,513	7,244,769
		31-Dec-11			1-Jan-11	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Note	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Net assets	2,958,137	2,101,329	5,059,466	81,674	2,662,549	2,744,223
Equity and reserves						
Share capital	1,039,398	-	1,039,398	1,039,398	-	1,039,398
Share premium reserve	1,381,072	-	1,381,072	1,381,072	-	1,381,072
Revaluation reserve	171,841	(171,841)	-	171,841	(171,841)	-
Exchange revaluation reserve	283,266	(283,266)	-	283,266	(283,266)	-
Retained earnings	82,558	2,556,438	2,638,996	(845,590)	2,778,946	1,933,356
Total equity	2,958,135	2,101,331	5,059,466	2,029,987	2,323,839	4,353,826



46.4 Reconciliation of income - The Company

	Notes	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Revenue	o	7,037,307	(82,831)	6,954,476
Cost of sales		<u>(3,677,770)</u>	<u>505,655</u>	<u>(3,172,115)</u>
Gross profit		3,359,537	422,824	3,782,361
Other income		53,398	482,626	536,024
Distribution expenses		-	(220,450)	(220,450)
Administration and general expenses		<u>(1,824,297)</u>	<u>206,155</u>	<u>(1,618,142)</u>
Result from operating activities		1,588,638	891,155	2,479,793
Finance income	p	-	5,731	5,731
Finance cost		<u>(369,605)</u>	<u>-</u>	<u>(369,605)</u>
Net finance cost		<u>(369,605)</u>	<u>5,731</u>	<u>(363,874)</u>
Profit before taxation and exceptional item		1,219,033	896,886	2,115,919
Exceptional item		<u>376,725</u>	<u>(376,725)</u>	<u>-</u>
Profit after exceptional item but before		1,595,758	520,161	2,115,919
Current tax expense		<u>(365,800)</u>	<u>-</u>	<u>(365,800)</u>
Deferred tax expense		<u>(301,810)</u>	<u>-</u>	<u>(301,810)</u>
Profit for the year		<u>928,148</u>	<u>520,161</u>	<u>1,448,309</u>
Other comprehensive income:				
Actuarial loss		-	(742,669)	(742,669)
Gain/(loss) on available for sale assets		-	-	-
Other comprehensive income for the year		-	<u>(742,669)</u>	<u>(742,669)</u>
Total comprehensive income for the year		<u>928,148</u>	<u>(222,508)</u>	<u>705,640</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

46.5 Reconciliation of statement of cash flows - The Company

	Notes	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Cash flows from operating activities				
Cash receipts from customers		7,494,915	(82,625)	7,412,290
Cash payments to suppliers and employees		(5,167,713)	126,941	(5,040,772)
Net cash generated by operations		2,327,202	44,316	2,371,518
Input VAT		1,534	(1,534)	-
Output VAT		(14,510)	14,510	-
Taxation paid		(640,484)	-	(640,484)
Net cash from operating activities		1,673,742	57,292	1,731,034
Cash flows from investing activities				
Purchase of investment		(646,603)	646,603	-
Additions to investment accounted for using the equity		-	(646,603)	(646,603)
Proceed on disposal of investment		625,009	(625,009)	-
Proceed on part disposal of investment accounted for		-	605,791	605,791
Purchase of property plant and equipment		(1,076,828)	-	(1,076,828)
Purchase of intangible assets		-	-	-
Additions to capital work in progress		-	(38,074)	(38,074)
Finance income		40,117	-	40,117
Dividend received		5,731	-	5,731
Net cash used in investing activities		(1,052,574)	(57,292)	(1,109,866)
Cash flows from financing activities				
Repayment of term loan		(2,340,755)	-	(2,340,755)
Finance cost		(369,605)	-	(369,605)
Dividend paid		(1,913)	-	(1,913)
Net cash used in financing activities		(2,712,273)	-	(2,712,273)
(Decrease)/increase in cash and cash equivalents		(2,091,105)	-	(2,091,105)
Cash and cash equivalent at the beginning of the year		2,809,927	-	2,809,927
Cash and cash equivalent at the end of the year		718,822	-	718,822



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

46.6 Index to the notes to the reconciliations

	Note
Derecognition of depreciation previously charged on land	a
Separate recognition of financial assets and investment in equity undertakings	b
Derecognition of provision	c
Reclassification of due from related from related party	e
Reclassification of trade debtors, other debtors and prepayments	d,f
Reclassification of term loan	g,k
Reclassification of trade creditors, other creditors and accruals	h,j
Reclassification of sales and marketing expenses	i
Valuation of staff gratuity	l
Reclassification of revaluation reserve	m
Reclassification of exchange revaluation reserve	n
Reclassification of SPG loyalty awards	o
Reclassification of finance income	p
Reclassification of capital work in progress from other debtors and prepayments	q
Reclassification of exceptional item to other income	r
Recognition of amortisation of goodwill	s

a Derecognition of depreciation previously charged on land

In compliance to IAS 16, land and buildings which were reported together under the previous NGAAP have been separately reported and the proportionate accumulated depreciation on land written back as appropriate as land is considered as appreciable asset under IFRS.

b Reclassification from long term investments to investment in equities

Under NGAAP, investments are recognised based on their tenure such as short term investments, long term investments and investment properties in accordance with SAS 13. Under IFRS, investment in equities are classified based on IAS 27 and IAS 28 as investments in subsidiaries and investments in associates and are to be shown as separate line items.

c Derecognition of provision

Provision made under NGAAP on inventory does not meet the definition of a provision under IFRS and as such it has been derecognised

e Reclassification of due from related party

Amounts due from related party as per previous NGAAP is now recognised as loans and receivables under IFRS as per IAS 1

d,f Reclassification of trade debtors, other debtors and prepayments as trade and other receivables

In compliance with IFRS under IAS 1, trade debtors and other debtors have been reclassified as trade and other receivables while prepayments have been separately recognised

g,k Reclassification of term loan

Amounts recognised as term loan per previous NGAAP is now recognised as short term borrowings under IFRS as per IAS 1

h,j Reclassification of trade creditors, other creditors and accruals

Trade creditors, other creditors and accruals separately recognised as per previous NGAAP is now recognised together as accounts payables and accrual under IFRS as per IAS1.

i Reclassification of sales and marketing expenses from cost of sales

Sales and marketing expenses previously included in cost of sales as per previous NGAAP is now recognised as a separate line item under IFRS as per IAS 1.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

l Valuation of staff gratuity

IFRS 1 allows entities to recognise all cumulative actuarial gains and losses at the date of transition on the balance sheet. The company has elected to apply the exemption by recognising all cumulative actuarial gains and losses at the date of transition to IFRS thereby recognising the full net pension asset or liability on its balance sheet on transition to IFRS. The defined benefit obligations were determined using facts and circumstances and appropriate actuarial assumptions at each reporting date.

m Derecognition of revaluation reserve

Under NGAAP, surplus on revaluation of property, plant and equipment was recognised under equity. However, the Company has elected to subsequently measure property, plant and equipment at cost as such previous surplus on revaluation has been derecognised and credited to retained earnings accordingly.

n Reclassification of exchange revaluation reserve

Under NGAAP, unrealised gains on translation of foreign currencies and operations were recognised in equity. IAS 21 - The effects of changes in foreign exchange rates requires exchange differences on monetary items to be included in profit or loss in the period in which they arise, regardless of whether they arise on settlement or translation at rates different from those at which they were translated on initial recognition. Thus, gains on translation of foreign currency previously classified under equity has been reclassified to retained earnings.

o Reclassification of SPG loyalty awards

The SPG Loyalty awards was reclassified to revenue in order to reflect the substance of the transaction from sales and marketing expenses.

p Reclassification of finance income

Under NGAAP, interest income on loans was recognised as part of other income. This has been reclassified as finance income.

q Reclassification of capital work in progress from other debtors and prepayments

Capital work in progress as previous NGAAP is now recognised as a separate line item under IFRS as per IAS 1.

r Reclassification of exceptional item to other income

Exceptional item as per previous NGAAP is now reclassified to other income under IFRS as per IAS 1.

Exemptions applied

IFRS 1 - First Time Adoption of International Financial Reporting Standards allows first time adopters certain assumptions from the retrospective applications of IFRS.

Freehold land were carried in the Statement of Financial Position prepared in accordance with local GAAP on the basis of valuations performed on 29 August 2008. The Company has elected to regard these values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.



CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2012

	The Group				The Company			
	2012 N'000	%	2011 N'000	%	2012 N'000	%	2011 N'000	%
Turnover	11,263,224		11,778,188		6,944,382		6,954,476	
Other income	26,859		531,634		60,572		536,024	
	11,290,083		12,309,822		7,004,954		7,490,500	
Cost of goods and services - foreign	(339,039)		(368,521)		(201,476)		(202,376)	
Cost of goods and services - local	(4,071,992)		(9,516,981)		(2,025,362)		(2,766,477)	
Value added	6,879,052	100	2,424,320	100	4,778,116	100	4,521,647	100
Applied as follows:								
To pay employees:								
Salaries wages and other staff costs	3,569,929	52	3,736,025	154	2,074,745	43	1,945,188	43
To providers of capital:								
- Finance charges	341,977	5	321,255	13	393,677	8	363,874	8
To pay Government:								
Company income tax	844,307	12	658,893	27	650,863	14	365,800	8
To provide for assets replacement:								
- Depreciation of property, plant and equipment	356,880	5	314,107	13	124,824	3	96,666	2
Retained for future expansion:								
- Deferred taxation	(250,372)	(4)	130,747	5	(194,474)	(4)	301,810	7
- Retained profit on ordinary activities	2,016,331	30	(2,736,707)	(112)	1,728,481	36	1,448,309	32
	6,879,052	100	2,424,320	100	4,778,116	100	4,521,647	100

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



FINANCIAL SUMMARY - COMPANY

31 DECEMBER

	2012 N'000	IFRS 2011 N'000	2010 N'000	NGAAP 2009 N'000	2008 N'000
Assets:					
Property, plant and equipment	3,910,770	3,709,883	2,729,578	616,635	665,105
Capital work in progress	386,285	161,147	123,073	-	-
Intangible assets	9,985	-	-	-	-
Investments	-	-	-	11,938,927	10,438,927
Investment in subsidiary	4,440,919	4,440,919	4,440,919	-	-
Investments accounted for using the equity method	798,722	798,722	381,326	-	-
Loans and receivables	1,864,974	1,786,804	2,204,033	-	-
Due from related party	481,642	481,342	129,251	-	-
Net current assets	1,029,624	(19,642)	1,590,415	(536,067)	44,625
Non current liabilities	(6,463,695)	(6,299,709)	(7,244,769)	(5,349,050)	(5,643,258)
Net assets	6,459,226	5,059,466	4,353,826	6,670,445	5,505,399
Equity and reserves					
Share capital	1,039,398	1,039,398	1,039,398	1,039,409	866,174
Share premium reserve	1,381,072	1,381,072	1,381,072	1,388,222	1,395,241
Bonus issue reserve	-	-	-	-	173,235
Revaluation reserve	-	-	-	171,841	171,841
Exchange revaluation reserve	-	-	-	283,266	283,266
Retained earnings	4,038,756	2,638,996	1,933,356	3,787,707	2,615,642
Total equity	6,459,226	5,059,466	4,353,826	6,670,445	5,505,399
Turnover	6,944,382	6,954,476	4,944,026	7,169,090	6,454,984
Profit before tax	2,184,870	2,115,919	1,068,606	1,683,063	1,285,446
Taxation	(456,389)	(667,610)	(470,016)	(510,998)	(412,914)
Profit for the year	1,728,481	1,448,309	598,590	1,172,065	872,532
Other comprehensive loss for the year	(328,721)	(742,669)	-	-	-
Total comprehensive income for the year	1,399,760	705,640	598,590	1,172,065	872,532
Per share data:					
Earnings per share (kobo) - Basic	83	70	29	56	42
Net assets per ordinary share (kobo)	311	243	209	321	265

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

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

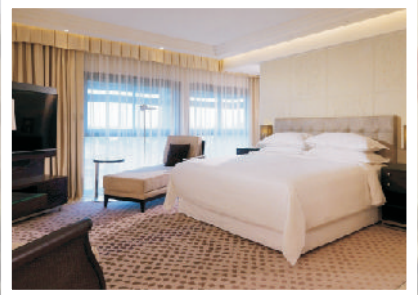
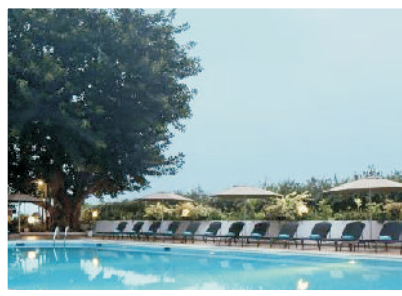


SHAREHOLDING ANALYSIS

	Share Range		Number of Shareholders	% of Shareholder	Number Of Holdings	% Shareholding
1	-	1,000	706	4.9426	371,025	0.0178
1,001	-	5,000	4,181	29.2705	9,571,105	0.4604
5,001	-	10,000	4,151	29.0605	27,492,364	1.3225
10,001	-	50,000	3,857	27.0022	79,442,997	3.8216
50,001	-	100,000	588	4.1165	40,923,422	1.9686
100,001	-	500,000	605	4.2355	116,309,936	5.5951
500,001	-	1,000,000	84	0.5881	59,571,459	2.8657
1,000,001	-	99,999,999,999	112	0.7841	1,745,114,091	83.9483
TOTAL			14,284	100.0000	2,078,796,399	100.0000

SHARE CAPITAL HISTORY

Date	Authorised (N)		Issued and Fully Paid (N)		Consideration
	Increase	Cumulative	Increase	Cumulative	
November 1972	20,000	20,000	20,000	20,000	Cash
October 1980	11,000,000	11,200,000		20,000	Cash
June 1982		11,200,000	8,980,000	9,000,000	Cash
August 1982		11,200,000	1,500,000	10,500,000	Cash
April 1984	5,300,000	16,500,000	500,000	11,000,000	Cash
November 1984		16,500,000	500,000	11,500,000	Cash
December 1984		16,500,000	842,680	12,342,680	Cash
January 1985		16,500,000	124,516	12,467,196	Cash
January 1985		16,500,000	71,333	12,538,529	Cash
July 1985		16,500,000	1,455,000	13,993,529	Cash
December 1986	7,000,000	23,500,000	4,025,901	18,019,430	Cash
September 1987		23,500,000	213,500	18,232,930	Cash
July 1988	15,000,000	38,500,000	13,338,010	31,570,940	Cash
May 1989		38,500,000	150,000	31,720,940	Cash
November 1989		38,500,000	4,743,920	36,464,860	Cash
September 1993	41,500,000	80,000,000	43,535,140	80,000,000	Cash
March 1998	120,000,000	200,000,000	80,000,000	160,000,000	Bonus
November 1998	400,000,000	600,000,000	80,000,000	240,000,000	Bonus
March 2000		600,000,000	210,000,000	450,000,000	Cash
September 2004		600,000,000	90,000,000	540,000,000	Bonus
December 2004	500,000,000	1,100,000,000		540,000,000	-
December 2006			652,330,333	866,165,167	Cash
July 2008	900,000,000	2,000,000,000			-
April 2010		346,466,067		1,212,631,234	Bonus



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