



**IKEJA HOTEL PLC**

(RC. 10845)

*...Service par Excellence*

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## **Unaudited Financial Statements For The Third Quarter Ended 30 September, 2018**

IKEJA HOTEL PLC IS THE OWNER OF SHERATON LAGOS HOTEL, IKEJA

**DIRECTORS:** Chief Anthony Idigbe, SAN (Chairman), Mr. Abatcha Bulama, Mr. Ufuoma Ibru, Mr. Toke Alex-Ibru,  
Mr. Kunle Aluko, Dr. Alex Thomopoulos, Mrs. Fadeke Alamutu, Mr. Waheed Olagunju

# IKEJA HOTEL PLC

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# Certification of Financial Statements

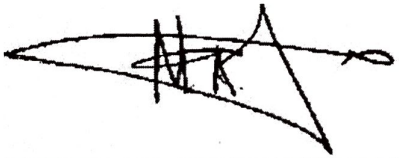
In compliance with Section 60(2) of the Investment and Securities Act, 2007, we have reviewed the Unaudited Financial Statements of the Group for the Quarter Ended 30 September 2018.

The Financial Statements, based on our knowledge, does not contain any untrue statement of any material fact or contain any misleading information in any respect.

The Financial Statements, and other financial information included therein, fairly present in all material respects the consolidated statement of financial position, consolidated financial performance and consolidated cash flows of the Group for the Quarter Ended 30 September 2018.

We are responsible for designing the internal controls and procedures surrounding the financial reporting process and assessing these controls in accordance with Section 60(2) of the Investment and Securities Act, 2007 and have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us by others within the entity. The controls, which are properly prepared, have been operating effectively during the period under reference.

Based on the foregoing, we, the undersigned, hereby certify that to the best of our knowledge and belief, the information contained in the Unaudited Financial Statements of Ikeja Hotel Plc for the Period Ended 30 September 2018 are complete, accurate and free from any material misstatement.



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

22-Oct-18



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**Zacchaeus O. Adeyemo**  
Finance Manager  
FRC/2018/ICAN/00000017858

22-Oct-18

# **IKEJA HOTEL PLC**

## **ACCOUNTING POLICIES AND OTHER DISCLOSURES FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

### **1. The Group**

#### **1.1 The reporting entity**

The Financial Statements, and other financial information included therein, fairly present in all material respects the consolidated statement of financial position, consolidated financial performance and consolidated cash flows of the Group for the Period Ended 30 September 2018.

##### **1.1.1 The Group**

The group comprise Ikeja Hotel Plc and its subsidiaries - Hans Gremlin Limited, a special purpose vehicle which holds 51% of the ordinary shares in Capital Hotels Plc and IHL Services Limited with 100% shareholdings.

The registered office of the company is at 84, Opebi Road, Ikeja, Lagos, Nigeria.

#### **1.2 Principal activities**

The principal activities of the group are operation of hotels and restaurants, apartment letting, recreational facilities, night clubs and a business centre, advisory and consultancy services to undertakes advisory management on all type of businesses.

### **2. Accounting Policies and Methods**

#### **2.1** These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The preparation of the Consolidated Financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting polices and reported amounts in the consolidated financial statements. The areas involving a higher degree of judgement or complexity or areas where assumptions or estimates are significant to the financial statemnets as disclosed below:

#### **2.2 Functional and presentation currency**

The consolidated financial statements are presented in naira, which is the group's functional and presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the group operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in naira, which is the functional currency of the group and the presentational currency for the financial statements.

#### **2.3 Going concern status**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity. Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the consolidated financial statements.

#### **2.4 Statement of Compliance**

The financial statements have been prepared in accordance with Interim Financial Reporting (IAS 34) under the International Financial Reporting Standards.

#### **2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30 September 2018.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on transactions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

## **2.6 Critical accounting estimates and judgement**

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

### **a. Asset useful lives and residual values:**

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

### **b. Taxes**

- i** Uncertainties exist with respect to the amount and timing of future taxable income. Given the complexities of existing contractual agreement, differences arising between the actual results and the assumptions made could necessitate future adjustment to tax income and expenses already recorded. The Company establishes provisions based on reasonable estimates.
- ii** Deferred taxes are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **c. Provisions/contingencies**

Provisions are liabilities of uncertain timing and are recognised when the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount that has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **d. Impairment of financial assets**

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 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.

#### **e. Retirement benefit obligation**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using various assumptions that may differ from actual developments in future. The assumptions used include the discount rate, future salary increases, mortality rates and future pension increases. Changes in these assumptions will impact the carrying amount of the pension obligation. The Group determines the appropriate discount rate at each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the expected term of the related pension obligation.

#### **f. Non-current assets held for sale**

On retirement of items of property, plant and equipment (usually operational motor vehicles) from operations, they are fair-valued and reclassified to a non-current-assets-held-for-sale account at the lower of their NBVs and fair-value less cost to sell with any differences arising thereon taken to profit or loss. Since there are no active markets dealing in second-hand vehicles, the Group exercises judgment in placing realistic values to the assets classified as held-for-sale by reference to the circumstances of previous disposals taking cognizance of physical conditions, vehicle brands, age, economic realities etc. These valuations are usually carried out by an assets disposal committee comprising the head of materials management, head of administration, head of internal audit, head of finance and the service engineer. The gross value of these assets are usually material and future results could be affected where actual proceeds differ materially from the valuations.

#### **g. Allowances on trade receivables**

The debtor's age analysis is evaluated on a regular basis. Allowance for doubtful accounts is based on a periodic review of all outstanding amount, where significant doubt about collectibility exists, including an analysis of historical bad debts, customers creditworthiness, current economic trends and changes in customers payment terms. Debtors balances are provided for based on the criteria mentioned above. Bad debts are written off when identified as uncollectible and are included in other operating expenses.

#### **h. Inventory provisions**

The inventory provision is based on average loss rates of inventory in recent months. The provision makes use of inventory counts performed which is considered to be representative of all inventory items held.

3 The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently for all the years presented, unless otherwise stated.

#### **a) Investments in subsidiaries**

The consolidated financial statements incorporates the financial statements of the company and all its subsidiaries where it is determined that there is a capacity to control.

Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usually present when an entity has:

- power over more than one-half of the voting rights of the other entity;
- power to govern the financial and operating policies of the other entity;
  
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
  
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners).

In its separate accounts, the Company accounts for its investment in subsidiaries at cost.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for consolidation.

#### **b) Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognized at cost in the separate financial statements, however in its consolidated financial statements; it is recognized at cost and adjusted for in the Group's share of changes in the net assets of the investee after the date of acquisition, and for any impairment in value. If the Group's share of losses of an associate exceeds its interest in the associate, the group discontinues recognizing its share of further losses.

#### **c) Investments in joint ventures**

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognized at cost and adjusted for in the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the company discontinues recognizing its share of further losses.

#### **d) Investments in special purpose entities (SPEs)**

SPEs are entities that are created to accomplish a narrow and well-defined objective. The financial statements of the SPE is included in the consolidated financial statements where on the substance of the relationship with the Group and the SPE's risk and reward, the Group concludes that it controls the SPE.

#### **e) Business combinations**

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured at the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in order to obtain control of the acquiree (at the date of exchange). 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 re-measured 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. 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. Non-measurement period adjustments to contingent consideration(s) classified as equity are not remeasured. Non-measurement period adjustments to other contingent considerations are remeasured at fair value with changes in fair value recognised in profit or loss. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

#### **f) Goodwill**

Goodwill on acquisitions comprises the excess of the aggregate of the fair value of the consideration transferred, the fair value of any previously held interests, and the recognised value of the non-controlling interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment annually. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### **g) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The executive committee of the group has been identified as the chief operating decision makers and are responsible for assessing the financial performance and position of the group, and make strategic decisions.

#### **h) Intangible assets**

##### **- Intangible assets acquired separately**

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortised from the date they are available for use. The useful lives is as follows:

- Computer Software - 10 years

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

##### **- Intangible assets acquired separately**

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

##### **- Intangible assets generated internally**

Expenditures on research or on the research phase of an internal project are recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Group
- the Group has the intention of completing the asset for either use or resale
- the Group has the ability to either use or sell the asset
- it is possible to estimate how the asset will generate income
- the Group has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

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

#### **i) Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its costs is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

#### **j) Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**k) Derecognition of property, plant and equipment**

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

**l) Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment is calculated over the depreciable amount which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

<b>Class of assets</b>	<b>%</b>
Freehold land	NIL
Building	5
Hotel equipment	20
Office equipment	10
Computer equipment	33 <sup>1</sup> / <sub>3</sub>
Motor vehicles	33 <sup>1</sup> / <sub>3</sub>

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

Land and assets under construction (work in progress) are not depreciated.

**j) Derecognition**

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

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

**k) Reclassifications**

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in income statement.

**3.1 Financial instruments**

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial assets and liabilities in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments;
- Available-for-sale financial assets;
- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs (which is recognised in profit or loss).

Equity instruments for which fair value is not determinable, are measured at cost and are classified as available-for-sale financial assets.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### **3.2 Available-for-sale financial assets**

Available-for-sale financial assets comprise equity investments. Subsequent to initial recognition, available-for-sale financial assets are stated at fair value. Movements in fair values are taken directly to equity, with the exception of impairment losses and foreign exchange gains or losses which are recognised in profit or loss. Fair values are based on prices quoted in an active market if such a market is available. If an active market is not available, the Group establishes the fair value of financial instruments by using a valuation technique, usually discounted cash flow analysis. When an investment is disposed of, any cumulative gains and losses previously recognised in equity are recognised in profit or loss. Dividends are recognised in profit or loss when the right to receive payments is established.

### **3.3 Financial assets at fair value through profit and loss**

Financial assets at fair value through profit and loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial assets at fair value through profit and loss comprise derivative financial instruments, namely interest rate swaps and forward exchange contracts. Subsequent to initial recognition, financial assets at fair value through profit and loss are stated at fair value. Movements in fair values are recognised in profit or loss, unless they relate to derivatives designated and effective as hedging instruments, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The Group designates certain derivatives as hedging instruments in fair value hedges of recognised assets and liabilities and firm commitments, and in cash flow hedges of highly probable forecast transactions and foreign currency risks relating to firm commitments. The effective portion of fluctuations in the fair value of interest rate swaps used to hedge interest rate risk and that qualify as fair value hedges are recognised together with finance costs. The ineffective portion of the gain or loss is recognised in other expenses or other income. Fluctuations in the fair value of forward exchange contracts used to hedge currency risk of future cash flows, and the fair value of foreign currency monetary items on the statement of financial position, are recognised directly in other expenses or other income. This policy has been adopted as the relationship between the forward exchange contracts and the item being hedged does not meet certain conditions in order to qualify as a hedging relationship.

### **3.4 Loans and receivables**

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

### **3.5 Held-to-maturity financial assets**

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

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

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

### 3.6 Recognition and measurement

Regular-way purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or losses are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

fair value. Loans and receivables and held-to- maturity financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

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

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

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

### 3.7 Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

### 3.8 Impairment of financial assets

#### a) Financial assets carried at amortised cost

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

- . Significant financial difficulty of the issuer or debtor;
- . A breach of contract, such as a default or delinquency in payments;
- . It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a Group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group:

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

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

#### b) Assets classified as available for sale

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

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

### 3.9 Financial liabilities

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

**a) Interest bearing borrowings**

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest rate method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

**b) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**c) Cash and cash equivalents**

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

**d) 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.

**e) Equity instruments**

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

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

**3.10 Impairment of non-financial assets**

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

### **3.10.1 Reversals**

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

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

### **3.11 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.

### **3.12 Borrowing costs**

capitalised as part of the cost of that asset.

Other borrowing costs are expensed in the period in which they are incurred.

### **3.13 Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

### **3.14 Bank overdrafts and interest-bearing borrowings**

Bank overdrafts and interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

### **3.15 Employee benefits**

#### **3.15.1 Defined contribution plans**

In accordance with the provisions of the amended Pension Reform Act, 2014 the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the company contribute 8% and 10% of the employee total emoluments. The company's contribution under the scheme is charged to the profit and loss while employee contributions are funded through payroll deductions.

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.

Payments to defined contribution plans are recognised as an expense as they fall due. Any contributions outstanding at the year end are included as an accrual in the statement of financial position.

#### **3.15.2 Defined benefit plan**

The terms of the defined benefit pension plan define the amount that employees will receive on retirement. These amounts are dependent on factors such as age, years of service and compensation, and are determined independently of the contributions payable or the investments of the scheme. The defined benefit liability recognised on the statement of financial position is the difference between the present value of the defined benefit obligations and the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. Actuarial gains and losses are recognised in full in the year in which they occur in other 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 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.

### **3.15.3 Termination benefits**

Termination benefits are recognised as an expense when the Company 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 Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### **3.15.4 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### **3.16 Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

### **3.17 Restructuring**

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

Future operating losses are not provided for.

### **3.18 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 Owner representative 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 Owner's representative include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

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

### **3.19 Revenue recognition**

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

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

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

### **3.19.1 Sale of service**

Revenue comprises sales and services to external customers (excluding VAT and other sales taxes). Consideration received from customers is only recorded as revenue to the extent that the Group has performed its contractual obligations in respect of that consideration.

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 banquette booking in which the reservation was not cancelled two weeks to the date of the event.

### **3.20 Investment return**

Investment return comprises of dividend, interest and rent receivable, movement in amortized cost on debt securities and other loan and receivables, realized gains and losses, and unrealized gains and losses on fair value assets. Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Group's Shareholders.

### **3.21 Dividend**

#### **3.21.1 Dividend distributions**

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

#### **3.21.2 Unclaimed dividend**

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the Group, which have remained unclaimed by the shareholders. In compliance with Section 385 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, unclaimed dividends after twelve years are transferred to retained earnings.

### **3.22 Taxation**

Income tax for the period is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods. Income tax for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **3.22.1 Deferred tax**

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates where the parent company is able to control of the timing of the reversal of the temporary differences and it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in group companies.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax authority. Current tax assets and liabilities are offset where the entity has a legal enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **3.23 Finance income and finance costs**

#### **3.23.1 Finance income**

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

#### **3.23.2 Finance costs**

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

### **3.24 Earnings per share**

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shareholders adjusted for the bonus shares issued.

### **3.25 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects and costs directly attributable to the issue of the instruments.

## **4 Risk Management Framework**

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

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

### **Capital Management Policies, Objectives and Approach**

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

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

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

### **Approach to capital management**

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

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

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

**Consolidated Statement of Financial Position**  
As at 30 September, 2018

	Notes	The Group		The Company	
		30-Sep-18 N'000	31-Dec-17 N'000	30-Sep-18 N'000	31-Dec-17 N'000
<b>Non-Current Assets</b>					
Property, plant and equipment	1	5,929,158	6,230,648	3,832,026	3,976,575
Investment Property	1.1	4,630,087	4,630,087	-	-
Capital Work in Progress	2	6,419,555	6,320,396	4,211,000	4,111,841
Intangible Asset	3	5,971,693	5,982,181	8,667	10,184
Investment in Subsidiaries	26	-	-	4,440,919	4,440,919
Investments in Joint Venture	27	194,093	315,023	798,722	798,722
Loans to Related Party	13	6,305,354	6,151,565	6,382,249	6,151,565
Due from Related Party	14	120,444	113,939	492,568	485,328
<b>Total Non-Current Assets</b>		<b>29,570,384</b>	<b>29,743,840</b>	<b>20,166,151</b>	<b>19,975,135</b>
<b>Current Assets</b>					
Inventories	12	773,011	1,051,658	56,650	266,695
Trade and Other Receivables	10	1,391,899	1,162,538	952,529	671,750
Other Assets	11	1,102,532	967,588	765,381	722,715
Cash and Cash Equivalents	15	5,907,410	4,366,578	1,905,834	955,338
<b>Total Current Assets</b>		<b>9,174,853</b>	<b>7,548,361</b>	<b>3,680,394</b>	<b>2,616,497</b>
<b>Total Assets</b>		<b>38,745,237</b>	<b>37,292,201</b>	<b>23,846,544</b>	<b>22,591,632</b>
<b>Equity and Reserves</b>					
Share Capital	23.2	1,039,398	1,039,398	1,039,398	1,039,398
Share Premium	24	1,381,072	1,381,072	1,381,072	1,381,072
Retained Earnings	25	7,351,749	6,864,083	5,597,296	5,005,439
Revaluation Reserve	25.1	4,135,571	4,135,571	-	-
<b>Equity attributable to equity holders of Parent</b>		<b>13,907,790</b>	<b>13,420,124</b>	<b>8,017,766</b>	<b>7,425,909</b>
<b>Non-Controlling interest</b>	25.2	<b>5,639,021</b>	<b>5,509,575</b>	<b>-</b>	<b>-</b>
		<b>19,546,811</b>	<b>18,929,699</b>	<b>8,017,766</b>	<b>7,425,909</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Due to Related Parties	19	6,118,592	5,613,550	7,478,478	7,151,694
Retirement Benefits Obligation	22	2,453,423	2,532,920	1,741,252	1,636,723
Deferred Tax	21.2	926,690	926,690	228,628	228,628
<b>Non-Total Current Liabilities</b>		<b>9,498,706</b>	<b>9,073,160</b>	<b>9,448,358</b>	<b>9,017,045</b>
<b>Current Liabilities</b>					
Trade and Other Payables	17	3,844,397	3,666,839	915,658	1,113,698
Deferred Income	16	5,087,002	4,978,414	5,024,990	4,781,753
Deposit for Shares	18	93,600	93,600	93,600	93,600
Dividend Payable	20	109,845	109,845	16,691	16,691
Current Tax Payable	21.1	564,875	440,644	329,482	142,935
<b>Total Current Liabilities</b>		<b>9,699,720</b>	<b>9,289,341</b>	<b>6,380,421</b>	<b>6,148,677</b>
<b>Total Liabilities</b>		<b>19,198,426</b>	<b>18,362,502</b>	<b>15,828,779</b>	<b>15,165,722</b>
<b>Total Equity and Liabilities</b>		<b>38,745,237</b>	<b>37,292,201</b>	<b>23,846,544</b>	<b>22,591,632</b>
<b>Net asset per share</b>					

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 22 October 2018:

Chief Anthony Idigbe, SAN  
Chairman  
FRC/2014/NBA/00000010414

Mr. Abatcha Bulama  
Director  
FRC/2014/ICAN/00000006535

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

The accompanying notes form an integral part of these financial statements

**Consolidated Statement of Comprehensive Income  
For The Quarter Ended 30 September 2018**

	Three Months Ended				Nine Months Ended			
	The Group		The Company		The Group		The Company	
	30-Sep-18 N'000	30-Sep-17 N'000	30-Sep-18 N'000	30-Sep-17 N'000	30-Sep-18 N'000	30-Sep-17 N'000	30-Sep-18 N'000	30-Sep-17 N'000
Revenue	3,275,290	3,050,043	1,828,105	1,573,085	9,739,125	8,546,854	5,433,665	4,579,771
Cost of Sales	(2,365,154)	(1,973,114)	(1,149,949)	(1,057,458)	(6,766,665)	(5,816,065)	(3,456,463)	(3,110,811)
<b>Gross Profit</b>	<b>910,136</b>	<b>1,076,929</b>	<b>678,156</b>	<b>515,627</b>	<b>2,972,460</b>	<b>2,730,789</b>	<b>1,977,202</b>	<b>1,468,960</b>
Other Income/(Loss)	17,215	(28,530)	6,249	(30,483)	44,918	18,307	57,835	14,031
Sales and Distribution Expenses	(17,665)	(136,465)	(57,385)	(59,442)	(276,474)	(379,244)	(176,474)	(167,121)
Administrative and General Expenses	(255,408)	(246,976)	(200,781)	(205,713)	(1,025,798)	(1,043,869)	(647,249)	(710,365)
<b>Operating Profit</b>	<b>654,279</b>	<b>664,958</b>	<b>426,238</b>	<b>219,989</b>	<b>1,715,107</b>	<b>1,325,983</b>	<b>1,211,314</b>	<b>605,505</b>
Finance Costs	(179,934)	(170,549)	(179,934)	(170,549)	(541,752)	(535,128)	(541,752)	(535,128)
Share of Loss in Investment accounted for using Equity	(120,930)	-	-	-	(120,930)	-	-	-
<b>Profit/(Loss) Before Taxation</b>	<b>353,416</b>	<b>494,409</b>	<b>246,304</b>	<b>49,440</b>	<b>1,052,425</b>	<b>790,855</b>	<b>669,562</b>	<b>70,377</b>
Current Tax Expense	(154,876)	(158,210)	(78,818)	(13,465)	(387,494)	(253,073)	(214,260)	(22,520)
<b>Profit/(Loss) for the period</b>	<b>198,540</b>	<b>336,199</b>	<b>167,487</b>	<b>35,975</b>	<b>664,931</b>	<b>537,782</b>	<b>455,302</b>	<b>47,857</b>
<b>Profit/(Loss) attributable to:</b>								
Equity holders of the parent	179,365	146,265	-	-	535,485	235,253	-	-
Non-controlling interest	19,176	189,933	-	-	129,446	302,529	-	-
	<b>198,540</b>	<b>336,199</b>	<b>167,487</b>	<b>35,975</b>	<b>664,931</b>	<b>537,782</b>	<b>455,302</b>	<b>47,857</b>
<b>Other Comprehensive Income/(Loss) for the Period</b>								
Foreign Exchange Gain (Unrealised)	74,384	-	65,563	-	74,384	-	65,563	-
Re-measurement gain on defined benefit plans	-	-	70,992	-	-	-	70,992	-
<b>Total Comprehensive Income/(Loss) for the Period</b>	<b>272,924</b>	<b>336,199</b>	<b>304,042</b>	<b>35,975</b>	<b>739,315</b>	<b>537,782</b>	<b>591,857</b>	<b>47,857</b>
<b>Earnings per share (kobo)</b>	<b>13</b>	<b>16</b>	<b>15</b>	<b>2</b>	<b>36</b>	<b>26</b>	<b>28</b>	<b>2</b>

# Ikeja Hotel Plc

## Statement of Changes in Equity as at 30 September, 2018

Attributable to the Equity Holders of the Company	The Group					The Company				
	Issued Capital	Share Premium	Retained Earnings	Revaluation Reserve	Non-controlling interest	Total equity	Issued Capital	Share Premium	Retained Earnings	Total
<b>Balance as at 1 January 2018</b>	=N= '000 1,039,398	=N= '000 1,381,072	=N= '000 6,864,083	=N= '000 4,135,571	=N= '000 5,509,575	=N= '000 18,929,700	=N= '000 1,039,398	=N= '000 1,381,072	=N= '000 5,005,439	=N= '000 7,425,909
Changes in Equity for the Period										
Profit for the period			535,485		129,446	664,931			455,302	455,302
Dividend declared and paid during the period			(47,819)			(47,819)				
Unrealised foreign exchange gain			74,384			74,384			65,563	65,563
Gain on provision for liability no longer required									70,992	70,992
<b>Total Comprehensive Income for the Period</b>			<b>562,050</b>						<b>591,857</b>	<b>591,857</b>
<b>At 30 September, 2018</b>	<b>1,039,398</b>	<b>1,381,072</b>	<b>7,426,133</b>	<b>4,135,571</b>	<b>5,639,021</b>	<b>19,621,196</b>	<b>1,039,398</b>	<b>1,381,072</b>	<b>5,597,296</b>	<b>8,017,766</b>
<b>Balance as at 1 January 2017</b>	<b>1,039,398</b>	<b>1,381,072</b>	<b>2,605,833</b>	-	<b>2,539,359</b>	<b>7,565,662</b>	<b>1,039,398</b>	<b>1,381,072</b>	<b>4,888,328</b>	<b>7,308,798</b>
Changes in Equity for the period										
Profit for the period			235,253		302,529	537,782			135,650	135,650
<b>Total Comprehensive Income for the Period</b>			<b>235,253</b>		<b>302,529</b>	<b>537,782</b>			<b>135,650</b>	<b>135,650</b>
<b>At 30 September, 2017</b>	<b>1,039,398</b>	<b>1,381,072</b>	<b>2,841,086</b>	-	<b>2,841,888</b>	<b>8,103,444</b>	<b>1,039,398</b>	<b>1,381,072</b>	<b>5,023,978</b>	<b>7,444,448</b>

**Consolidated Statement of Cash Flows**  
**For the Period Ended 30 September, 2018**

	Notes	The Group		The Company	
		30-Sep-18 N'000	30-Sep-17 N'000	30-Sep-18 N'000	30-Sep-17 N'000
<b>Profit/(Loss) for the Period</b>		<b>664,931</b>	<b>537,782</b>	<b>591,857</b>	<b>47,856</b>
<b>Adjustment for:</b>					
Depreciation of PPE	1	526,704	534,330	256,012	317,962
Amortisation of Intangible Asset	3	10,489	1,518	1,518	1,518
Finance Costs	9	541,752	535,128	541,752	535,128
Share of loss in investment accounted for using equity		120,930	-	-	-
Loss/(Profit) on retirement of PPE		2,100	-	2,100	191,212
Income tax expense	22	387,494	253,073	214,260	22,520
		<b>2,254,399</b>	<b>1,861,831</b>	<b>1,607,498</b>	<b>1,116,196</b>
<b>Changes in:</b>					
Inventories	12	278,647	27,812	210,045	12,189
Trade and Other Receivables	10	(229,361)	(414,248)	(280,779)	(390,679)
Other Assets	11	(134,944)	156,964	(42,666)	103,505
Post Employment Benefits	23	(79,497)	88,143	104,529	(223,151)
Loans and Receivables	13	(153,789)	(221,191)	(230,684)	813
Due from Related Parties	14	(6,505)	813	(7,240)	-
Due from Unquoted Investment			-	-	-
Trade and Other Payables	18	177,559	(87,457)	(198,040)	185,193
Deferred Income	17	108,589	212,329	243,238	223,151
Due to Related Parties	20	505,042	451,513	326,784	357,628
		<b>2,720,139</b>	<b>2,076,509</b>	<b>1,732,685</b>	<b>1,384,845</b>
<b>Cash generated from Operating Activities</b>		<b>2,720,139</b>	<b>2,076,509</b>	<b>1,732,685</b>	<b>1,384,845</b>
Income tax paid	22	(263,263)	(64,188)	(27,713)	(19,940)
		<b>2,456,876</b>	<b>2,012,321</b>	<b>1,704,973</b>	<b>1,364,905</b>
<b>Net Cash from Operating Activities</b>		<b>2,456,876</b>	<b>2,012,321</b>	<b>1,704,973</b>	<b>1,364,905</b>
<b>Cash Flows from Investing Activities</b>					
Purchase of PPE	1	(227,313)	(372,256)	(113,562)	(189,718)
Additions/Utilization of Capital Work in Progress	2	(99,159)	(277,197)	(99,159)	(277,197)
		<b>(326,473)</b>	<b>(649,453)</b>	<b>(212,722)</b>	<b>(466,915)</b>
<b>Net Cash Flows used in Investing Activities</b>		<b>(326,473)</b>	<b>(649,453)</b>	<b>(212,722)</b>	<b>(466,915)</b>
<b>Cash Flows from Financing Activities</b>					
Finance Costs	9	(541,752)	(535,128)	(541,752)	(535,128)
Dividend Paid	21	(47,819)	-	-	-
		<b>(589,571)</b>	<b>(535,128)</b>	<b>(541,752)</b>	<b>(535,128)</b>
<b>Net Cash Flows used in Financing Activities</b>		<b>(589,571)</b>	<b>(535,128)</b>	<b>(541,752)</b>	<b>(535,128)</b>
Net Increase in Cash and Cash Equivalent		1,540,833	827,740	950,499	362,862
Cash and Cash Equivalents at the beginning of the year		4,366,578	3,520,114	955,338	284,149
<b>Cash and Cash Equivalent at the end of the period</b>		<b>5,907,410</b>	<b>4,347,854</b>	<b>1,905,834</b>	<b>647,011</b>

**SCHEDULE OF PROPERTY PLANT AND EQUIPMENT  
For the Period Ended 30 September, 2018**

<b>The Group</b>							
<b>Cost/Valuation</b>	<b>Land</b>	<b>Buildings</b>	<b>Hotel Equipment</b>	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
At 1st January	3,440,742	1,687,497	4,638,208	3,511,026	222,942	290,844	13,791,259
Addition	-	11,381	54,848	99,067	62,018	-	227,313
Retirement	-	-	(2,100)	-	-	-	(2,100)
At 30 September, 2018	<b>3,440,742</b>	<b>1,698,878</b>	<b>4,690,956</b>	<b>3,610,093</b>	<b>284,960</b>	<b>290,844</b>	<b>14,016,472</b>
<b>Depreciation and impairment</b>							
At 1st January	-	785,080	3,544,259	2,771,201	186,094	273,976	7,560,610
Depreciation charge during the year	-	31,930	296,339	168,219	21,415	8,802	526,704
At 30 September, 2018	-	<b>817,009</b>	<b>3,840,598</b>	<b>2,939,420</b>	<b>207,508</b>	<b>282,778</b>	<b>8,087,314</b>
<b>Carrying Amount</b>							
At 30 September, 2018	<b>3,440,742</b>	<b>881,869</b>	<b>850,358</b>	<b>670,673</b>	<b>77,451</b>	<b>8,066</b>	<b>5,929,158</b>
At 31 December, 2017	<b>3,440,742</b>	<b>902,418</b>	<b>1,093,949</b>	<b>739,824</b>	<b>36,848</b>	<b>16,868</b>	<b>6,230,648</b>

<b>The Company</b>							
<b>Cost/Valuation</b>	<b>Land</b>	<b>Buildings</b>	<b>Hotel Equipment</b>	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
At 1st January	3,084,350	765,570	2,403,610	79,031	222,942	54,425	6,609,928
Adjustment	-	-	-	-	-	-	-
Addition	-	11,381	34,320	5,844	62,018	-	113,562
Retirement	-	-	(2,100)	-	-	-	(2,100)
At 30 September, 2018	<b>3,084,350</b>	<b>776,951</b>	<b>2,435,830</b>	<b>84,875</b>	<b>284,960</b>	<b>54,425</b>	<b>6,721,390</b>
<b>Depreciation and impairment</b>							
At 1st January	-	489,009	1,846,481	62,505	186,094	49,264	2,633,353
Depreciation charge during the year	-	22,445	205,408	2,870	21,415	3,875	256,012
Retirement	-	-	-	-	-	-	-
At 30 September, 2018	-	<b>511,453</b>	<b>2,051,889</b>	<b>65,375</b>	<b>207,508</b>	<b>53,139</b>	<b>2,889,365</b>
<b>Carrying Amount</b>							
At 30 September, 2018	<b>3,084,350</b>	<b>265,498</b>	<b>383,941</b>	<b>19,500</b>	<b>77,451</b>	<b>1,286</b>	<b>3,832,026</b>
At 31 December, 2017	<b>3,084,350</b>	<b>276,562</b>	<b>557,129</b>	<b>16,526</b>	<b>36,848</b>	<b>5,161</b>	<b>3,976,575</b>

1.1 Investment Property of N4,630,087,000 disclosed in the group financial statements relates to its subsidiary, Charles Hampton & Company Limited in which it has 89.9% interest. The Property comprise land held for future development. Investment property are measured using fair value model.

NOTES TO THE ACCOUNTS

Note					The Group		The Company		
					30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17	
					N'000	N'000	N'000	N'000	
	<b>Capital Work In Progress</b>								
2	At 1 January				6,320,396	4,361,258	4,111,841	3,744,111	
	Additions in the period				99,159	1,959,138	99,159	367,730	
	<b>Total</b>				<b>6,419,555</b>	<b>6,320,396</b>	<b>4,211,000</b>	<b>4,111,841</b>	
	This represents on going renovation works at the hotel								
	<b>Intangible Asset</b>								
3.1	<b>Computer Software</b>				30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17	
	<b>Cost/Valuation</b>				N'000	N'000	N'000	N'000	
	At 1 January				69,253	46,080	20,236	20,236	
	Additions for the year				-	23,173	-	-	
	<b>Total</b>				<b>69,253</b>	<b>69,253</b>	<b>20,236</b>	<b>20,236</b>	
3.2	<b>Amortization</b>								
	At 1 January				20,974	14,048	10,052	8,028	
	Charge for the period				10,489	6,926	1,518	2,024	
	<b>Total</b>				<b>31,462</b>	<b>20,974</b>	<b>11,569</b>	<b>10,052</b>	
3.3	<b>Goodwill</b>				N'000	N'000	N'000	N'000	
	Goodwill arises from the revised consolidation of the financial statements of Capital Hotel Plc and Ikeja Hotel Plc for the year ended 31 December 2017 in accordance with IAS 27 and IFRS 10								
					5,933,902	5,933,902	-	-	
3.4	<b>Carrying Value as at 31 December 2017</b>				<b>5,971,693</b>	<b>5,982,181</b>	<b>8,667</b>	<b>10,184</b>	
4	<b>Revenue</b>	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
	Rooms	3,229,613	4,675,896	2,260,752	1,977,817	5,772,152	6,917,115	3,397,294	2,950,032
	Food & Beverage	2,557,219	846,790	979,485	846,790	3,026,006	1,258,682	1,448,272	1,258,682
	Minor Operating Departments	384,205	38,161	31,337	38,161	400,496	54,184	47,628	54,184
	Miscellaneous Income	477,226	197,158	477,226	197,158	540,471	316,873	540,471	316,873
	<b>Total</b>	<b>6,648,263</b>	<b>5,758,005</b>	<b>3,748,800</b>	<b>3,059,926</b>	<b>9,739,125</b>	<b>8,546,854</b>	<b>5,433,665</b>	<b>4,579,771</b>
5	<b>Cost of Sales</b>	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
	Rooms	(73,202)	2,255,453	517,783	438,420	1,205,552	3,363,980	778,010	658,726
	Food & Beverage	1,657,090	686,826	742,879	686,826	2,022,866	1,023,884	1,108,655	1,023,884
	Minor Operating Departments	2,084,859	23,404	16,410	23,404	2,095,479	33,313	27,030	33,313
	Cost of Sales - Head Office	15,242	14,702	15,242	14,702	23,946	16,438	23,946	16,438
	Administrative & General	445,909	496,032	545,909	496,032	623,798	696,111	723,798	696,111
	Info & Telecom System	70,657	75,771	70,657	75,771	107,356	113,674	107,356	113,674
	Property Operations & Maintenance	261,452	152,962	261,452	152,962	339,053	226,045	339,053	226,045
	Rental Income Expenses	-	38,739	-	-	-	38,739	-	38,739
	Utilities	230,726	190,314	230,726	190,314	348,615	303,881	348,615	303,881
	<b>Total</b>	<b>4,692,733</b>	<b>3,934,203</b>	<b>2,401,058</b>	<b>2,078,431</b>	<b>6,766,665</b>	<b>5,816,065</b>	<b>3,456,463</b>	<b>3,110,811</b>
6	<b>Other Income</b>	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
	Interest Earned on Demand Deposit	55	-	55	-	288	-	288	-
	Sales of Scrap	16,281	(30,483)	6,193	(30,483)	41,787	14,031	30,802	140,311
	Dividend Income	879	-	-	0	2,843	-	26,744	-
	Exchange Gain on Translation of Currency(Unrealized)	-	1,954	-	-	-	4,276	-	-
	<b>Total</b>	<b>17,215</b>	<b>(28,530)</b>	<b>6,249</b>	<b>(30,483)</b>	<b>44,918</b>	<b>18,307</b>	<b>57,835</b>	<b>14,031</b>
7	<b>Administrative Expenses</b>	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
		255,408	246,976	200,781	205,713	1,025,798	1,043,869	647,249	710,365

	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
8 Sales & Marketing Expenses	17,664	136,465	57,385	59,442	276,474	379,244	176,474	167,121
9 Finance Income and Finance Cost					30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Interest Expense					N'000	N'000	N'000	N'000
Total					541,752	535,128	541,752	535,128
Interest expense represents charges paid and/or payable on loans.					541,752	535,128	541,752	535,128
10 Trade and Other Receivables					30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Allowances for Impairment Losses					N'000	N'000	N'000	N'000
Net Trade Receivables	1,496,586	1,291,448	961,135	733,074	1,496,586	1,291,448	961,135	733,074
Advances to Employees	(111,793)	(183,895)	(15,712)	(79,373)	(111,793)	(183,895)	(15,712)	(79,373)
Total	1,384,793	1,107,553	945,423	653,701	1,384,793	1,107,553	945,423	653,701
	7,106	54,984	7,106	18,048	7,106	54,984	7,106	18,048
Total	1,391,899	1,162,538	952,529	671,750	1,391,899	1,162,538	952,529	671,750
11 Other Assets					The Group		The Company	
Prepayments					30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Withholding tax receivables					N'000	N'000	N'000	N'000
Advances to Suppliers	286,301	146,833	80,305	77,865	286,301	146,833	80,305	77,865
Sheraton Brand Hotels	674,441	578,638	543,286	464,636	674,441	578,638	543,286	464,636
Impairment	141,790	153,585	141,790	91,682	141,790	153,585	141,790	91,682
Total	-	88,531	-	88,531	-	88,531	-	88,531
	-	(52,621)	-	-	-	(52,621)	-	-
Total	1,102,532	967,588	765,381	722,715	1,102,532	967,588	765,381	722,715
11.1 Analysis of Prepayments					30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
P/PM PC's Software					N'000	N'000	N'000	N'000
Prepaid Rent	14,252	19,294	14,252	19,294	14,252	19,294	14,252	19,294
Prepaid Maintenance	2,950	3,638	2,950	3,638	2,950	3,638	2,950	3,638
Prepaid Dues and Subscription	-	4,673	-	4,673	-	4,673	-	4,673
Prepaid Insurance	6,472	4,052	6,472	4,052	6,472	4,052	6,472	4,052
Prepaid - Others	10,320	36,716	10,320	36,683	10,320	36,716	10,320	36,683
Total	46,312	78,460	46,312	9,525	46,312	78,460	46,312	9,525
	80,305	146,833	80,305	77,865	80,305	146,833	80,305	77,865
12 Inventories					30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Food & Beverage					N'000	N'000	N'000	N'000
Maintenance Supplies	109,368	135,533	40,023	70,090	109,368	135,533	40,023	70,090
Operating Supplies	-	154,656	-	88,979	-	154,656	-	88,979
General Stores	94	194,025	-	94,390	94	194,025	-	94,390
Inventory WIP	129,816	33,711	16,627	13,236	129,816	33,711	16,627	13,236
Total	533,733	533,733	-	-	533,733	533,733	-	-
	773,011	1,051,658	56,650	266,695	773,011	1,051,658	56,650	266,695
13 Loans and Receivables					30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
At 1 January					N'000	N'000	N'000	N'000
Interest Capitalised	6,151,565	5,914,936	6,151,565	5,914,936	6,151,565	5,914,936	6,151,565	5,914,936
Exchange Revaluation	153,789	181,307	153,789	181,307	153,789	181,307	153,789	181,307
	-	55,322	-	55,322	-	55,322	-	55,322
	6,305,354	6,151,565	6,382,249	6,151,565	6,305,354	6,151,565	6,382,249	6,151,565
Loans and receivable relate to receivable from The Tourist Company of Nig. Plc								
14 Due from Related Party					30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Hans-Gremlin (Nigera) Ltd.					N'000	N'000	N'000	N'000
AVI	-	-	485,313	484,578	-	-	485,313	484,578
GMI & Co	31,122	31,122	-	-	31,122	31,122	-	-
Felfan	113,188	113,188	-	-	113,188	113,188	-	-
Charles Hampton	59,074	59,074	-	-	59,074	59,074	-	-
	115,726	109,221	7,255	750	115,726	109,221	7,255	750
Impairment allowance	319,110	312,605	492,568	485,328	319,110	312,605	492,568	485,328
Total	(198,666)	(198,666)	-	-	(198,666)	(198,666)	-	-
	120,444	113,939	492,568	485,328	120,444	113,939	492,568	485,328
14.1 Impairment allowance represent balance in Charles Hampton, AVI, and Felfan without movement for the past three years								

	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	N'000	N'000	N'000	N'000
<b>15 Cash &amp; Cash Equivalents</b>				
Cash in Hand	1,099	1,466	452	418
Cash at Bank	2,502,657	1,606,895	1,905,383	924,480
	2,503,755	1,608,362	1,905,834	924,899
Provision for Doubtful Balance	-	-	-	-
	2,503,755	1,608,362	1,905,834	924,899
Time Deposits	3,403,655	2,758,216	-	30,439
<b>As per Statement of Financial position</b>	<b>5,907,410</b>	<b>4,366,578</b>	<b>1,905,834</b>	<b>955,338</b>
<b>15.1 Cash in Hand</b>				
Sheraton Cash & Bank	452	1,466	452	418
	452	1,466	452	418
	<b>The Group</b>	<b>The Group</b>	<b>The Company</b>	<b>The Company</b>
	<b>30-Sep-18</b>	<b>31-Dec-17</b>	<b>30-Sep-18</b>	<b>31-Dec-17</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>16 Deferred Income</b>	<b>5,087,002</b>	<b>4,978,414</b>	<b>5,024,990</b>	<b>4,781,753</b>
<b>17 Trade and Other Payables</b>				
Trade Payables	523,284	1,003,682	265,947	124,942
CHP Hospitality and Tourism Limited	625,254	625,254	-	-
Accrued Expenses (Note 17.1)	2,339,776	612,460	293,628	327,898
Due to Starwood Eame License and Service Company	22,461	18,120	22,461	23,908
VAT Payables	20,092	302,061	20,092	17,460
Advance Deposit	253,765	526,719	253,765	281,544
Service Charge Distribution	43,705	41,638	43,705	41,638
Other Credit Balances	16,061	536,905	16,061	296,309
<b>Total</b>	<b>3,844,397</b>	<b>3,666,839</b>	<b>915,658</b>	<b>1,113,698</b>
<b>17.1 Accrued Expenses Analyses</b>				
Expenses	2,266,501	484,041	220,353	199,479
Electricity	-	22,204	-	22,204
Other liabilities-SLH	-	70,992	-	70,992
Professional Fees	10,077	8,071	10,077	8,071
LASG Consumption Tax	24,854	23,805	24,854	23,805
Unclaimed Property - SLH - Guests. Deposits	-	110	-	110
Charitable	-	(8)	-	(8)
Sheraton Corporation - Reservation	38,345	3,245	38,345	3,245
<b>Total</b>	<b>2,339,776</b>	<b>612,460</b>	<b>293,628</b>	<b>327,898</b>
<b>18 Deposit for Shares</b>				
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
	N'000	N'000	N'000	N'000
	93,600	93,600	93,600	93,600
<b>19 Due to Related Parties</b>				
Capital Hotel Plc/Abuja Sheraton Hotel	-	-	807,092	984,351
Federal Palace/Sun	4,187	4,093	4,187	4,093
IHL Services limited	-	-	552,794	553,794
Alurum investment Ltd/Omamo Trust Limited	2,986,609	2,765,293	2,986,609	2,765,292
Minabo Limited	1,790,631	1,617,411	1,790,631	1,617,411
AVI Services/G. M. Ibru	1,337,165	1,226,753	1,337,165	1,226,753
	<b>6,118,592</b>	<b>5,613,550</b>	<b>7,478,478</b>	<b>7,151,694</b>
<b>20 Dividend</b>				
At 1, January	109,845	115,070	16,691	16,691
Dividend declared	47,819	-	-	-
Dividend paid	(47,819)	(5,225)	-	-
	<b>109,845</b>	<b>109,845</b>	<b>16,691</b>	<b>16,691</b>
<b>21 Taxation</b>				
<b>21.1 Current Tax Payable</b>				
As at January	440,644	534,578	142,935	187,407
Prior year Adjustment	-	14,995	-	15,000
Provision during the period	387,494	144,655	214,260	139,866
Payment during the period	(263,263)	(253,584)	(27,713)	(199,339)
At 30 September, 2018	<b>564,875</b>	<b>440,644</b>	<b>329,482</b>	<b>142,935</b>

The charge for taxation has been computed in accordance with the provisions of the companies Income Tax Act CAP C21, LFN 2004 and the Education Tax, CAP E4, LFN 2004 as amended.

	30-Sep-18 N'000	31-Dec-17 N'000	30-Sep-18 N'000	31-Dec-17 N'000
<b>21.2 Deferred Taxation</b>				
At January	926,690	937,326	228,628	239,264
Write back/Charge in the period	-	(10,636)	-	(10,636)
At 30 September, 2018	<u>926,690</u>	<u>926,690</u>	<u>228,628</u>	<u>228,628</u>
	<b>30-Sep-18</b>	<b>30-Sep-17</b>	<b>30-Sep-18</b>	<b>30-Sep-17</b>
<b>21.3 Current Tax Charges</b>				
Income Tax	362,945	237,256	200,869	21,113
Education Tax	24,549	15,818	13,391	1,408
	387,494	253,074	214,260	22,521
Deferred Taxation Income Statement	-	-	-	-
	<u>387,494</u>	<u>253,074</u>	<u>214,260</u>	<u>22,521</u>
<b>Tax Payable/Deferred Tax</b>				
<i>The Company has adopted the IFRS 12 - Income Taxes, Deferred Taxation which is computed using the liability method</i>				
	<b>The Group</b>		<b>The Company</b>	
	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>
<b>22 Employee Benefits</b>				
At 1, January	2,532,920	2,389,499	1,636,723	1,334,987
Current Service Cost & Interest	-	510,372	-	326,010
Payment in the period	(219,026)	(342,677)	(35,000)	-
Provision for the year	139,529	-	139,529	-
Curtailement/settlement	-	(89,756)	-	(89,756)
Adjustments	-	46,943	-	46,943
Re-measurement gains/losses	-	18,539	-	18,539
At 30 September, 2018	<u>2,453,423</u>	<u>2,532,920</u>	<u>1,741,252</u>	<u>1,636,723</u>
	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>
<b>23 Share Capital</b>				
<b>23.1 Authorised</b>				
4,000,000,000 Ordinary shares of 50 kobo each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>
<b>23.2 Issued and fully paid</b>				
At 1 January	1,039,398	1,039,398	1,039,398	1,039,398
At 30 September, 2018	<u>1,039,398</u>	<u>1,039,398</u>	<u>1,039,398</u>	<u>1,039,398</u>
<b>Number:</b> 2,078,796,396 ordinary shares of 50 kobo each				
	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>
<b>24 Share Premium Reserve</b>				
At 1 January	1,381,072	1,381,072	1,381,072	1,381,072
At 30 September, 2018	<u>1,381,072</u>	<u>1,381,072</u>	<u>1,381,072</u>	<u>1,381,072</u>
	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>
<b>25 Retained Earnings</b>				
At 1 January	6,864,083	2,605,832	5,005,439	4,888,328
Transfer from profit & loss account	535,485	136,643	455,302	135,650
Gain on provision for liability no longer required	-	-	70,992	-
Foreign Exchange Gain(Unrealised)	-	-	65,563	-
Dividend declared and paid during the year	(47,819)	-	-	-
Re-measurement gain/(loss) on defined benefit plan	-	(18,539)	-	(18,539)
Effect of reversal on impairment of subsidiary as at 31/12/2017	-	4,140,147	-	-
At 30 September, 2018	<u>7,351,749</u>	<u>6,864,083</u>	<u>5,597,296</u>	<u>5,005,439</u>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>25.1 Revaluation reserve</b>				
This represent revaluation surplus arising from the fair value measurement of an investment property in the Company's subsidiary Charles Hampton.	4,135,571	4,135,571	-	-
	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>
<b>25.2 Non-controlling interest</b>				
At 1 January	5,509,575	2,539,359	-	-
Effect of reversal of impairment in subsidiary	-	2,024,917	-	-
Share of profit	129,446	480,680	-	-
Share of revaluation reserve in subsidiary	-	464,619	-	-
At 30 September, 2018	<u>5,639,021</u>	<u>5,509,575</u>	<u>-</u>	<u>-</u>
	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>	<b>30-Sep-18 N'000</b>	<b>31-Dec-17 N'000</b>
<b>26 Investment in Subsidiary</b>				
Hans Gremin Nigeria Limited	-	-	4,440,919	4,440,919

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

27 **Investment Accounted for the Equity Method**  
 At 1 January  
 Share of loss of joint venture  
 At 30 September, 2018  
 Investment relates to 273,529,085 units of stock in The Tourist Company of Nigeria Plc.

30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
N'000	N'000	N'000	N'000
315,023	576,344	798,722	798,722
(120,930)	(261,321)	-	-
<b>194,093</b>	<b>315,023</b>	<b>798,722</b>	<b>798,722</b>

27.1 **Long Term Investment**  
 At 1 January  
 Impaired during the year  
 At 30 September, 2018

30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
N'000	N'000	N'000	N'000
-	26,496	-	-
-	(26,496)	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Statement of Comprehensive Income Forecast  
For The Year Ending 31 December 2018**

	<b>12 Months =N='000</b>
Turnover	13,147,819
Cost of Sales	<u>(8,796,664)</u>
<b>Gross Operating Profit</b>	<b>4,351,154</b>
Operating Expenses	<u>(1,565,093)</u>
<b>Result from Operating Activities</b>	<b>2,786,061</b>
Net finance costs	<u>(704,277)</u>
<b>Profit/(Loss) before Taxation</b>	<b>2,081,784</b>
Current Tax Expense	<u>(503,742)</u>
<b>Profit for the year</b>	<b><u><u>1,578,042</u></u></b>

**UNAUDITED GROUP RESULTS FOR NINE MONTHS  
ENDED 30 SEPTEMBER, 2018**

	<b>30-Sep-18 =N='000</b>	<b>30-Sep-17 =N='000</b>	<b>% Change</b>
<b>TURNOVER</b>	<b>9,739,125</b>	<b>8,546,854</b>	<b>13.95</b>
<b>OPERATING PROFIT</b>	<b>1,715,107</b>	<b>1,325,983</b>	<b>29.35</b>
<b>FINANCE CHARGES</b>	<b>(541,752)</b>	<b>(535,128)</b>	<b>1.24</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>1,173,355</b>	<b>790,855</b>	<b>48.37</b>
<b>TAXATION</b>	<b>(387,494)</b>	<b>(253,073)</b>	<b>53.12</b>
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>785,861</b>	<b>537,782</b>	<b>46.13</b>