



IKEJA HOTEL PLC

(RC. 10845)

...Service par Excellence

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IKEJA HOTEL PLC (RC 10845)

Unaudited Group Accounts For The Third Quarter Ended 30 September, 2020

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

DIRECTORS: Chief Anthony Idigbe, SAN (Chairman), Mr. Abalcha Bulama, Mr. Ufuoma Ibru, Mr. Toke Alex-Ibru,
Mr. Kunle Aluko, Dr. Alex Thomopoulos, Mrs. Fadeke Olugbemi, Mr. Theo Eniola Netufo, MD/CEO

IKEJA HOTEL PLC

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IKEJA HOTEL PLC

Certification of Financial Statements

In compliance with Section 60(2) of the Investment and Securities Act, 2007, we have reviewed the unaudited Interim Financial Statements of the Group for the Third Quarter Ended 30 September 2020.

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, present fairly in all material respects the consolidated statement of financial position, consolidated statement of financial performance and consolidated statement of cash flows of the Group for the Third Quarter Ended 30 September 2020.

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 year 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 interim Financial Statements of Ikeja Hotel Plc for the Third Quarter Ended 30 September 2020 are complete, accurate and free from any material misstatement.



Theophilus E. Netufo
Managing Director/CEO
FRC/2013/ICAN/00000004775

26 October 2020




Zacchaeus O. Adeyemo
Controller of Finance
FRC/2018/ICAN/00000017858


26 October 2020


IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements
Consolidated Statement of Financial Position
As at 30 September, 2020


	Notes	The Group		The Company	
		30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
Non-Current Assets					
Property, Plant and Equipment	7	18,555,137	9,950,728	7,779,901	8,075,375
Investment Property	8	4,630,087	4,630,087	-	-
Capital Work in Progress	9	4,481,334	4,216,034	49,719	13,446
Intangible Asset	10	4,626,116	4,619,383	13,394	6,137
Investment in Subsidiaries	35	-	-	4,444,518	4,444,518
Investment Accounted for Using the Equity Method	36	-	-	798,722	798,722
Total Non-Current Assets		32,292,674	23,416,232	13,086,254	13,338,198
Current Assets					
Inventories	20	610,697	654,525	101,361	130,716
Trade Receivables	18	602,644	1,250,773	256,122	962,689
Other Assets	19	567,754	827,307	508,534	543,198
Loan to Related Party	21	6,991,270	6,752,300	6,991,270	6,752,300
Amount Due from Related Parties	22	113,188	113,188	738,248	733,547
Cash and Cash Equivalents	23	5,297,961	5,656,450	3,575,055	3,224,817
Total Current Assets		14,183,513	15,254,543	12,170,589	12,347,267
Total Assets		46,476,187	38,670,775	25,256,844	25,685,466
Equity and Reserves					
Share Capital	31.2	1,039,398	1,039,398	1,039,398	1,039,398
Share Premium	32	1,381,072	1,381,072	1,381,072	1,381,072
Retained Earnings	33	11,220,614	12,329,582	5,515,675	6,357,112
Revaluation Reserve	25.1	-	-	-	-
Equity Attributable to Equity Holders of Parent		13,641,084	14,750,053	7,936,145	8,777,583
Non-Controlling interest	34	4,249,891	4,620,530	-	-
		17,890,975	19,370,583	7,936,145	8,777,583
Liabilities					
Non-Current Liabilities					
Due to Related Parties	27	7,674,724	7,040,852	8,980,681	8,415,126
Retirement Benefits Obligation	30.	1,873,278	1,770,575	1,510,178	1,457,105
Deferred Tax	29.2	553,795	553,841	134,569	134,615
Non-Total Current Liabilities		10,101,797	9,365,268	10,625,428	10,006,846
Current Liabilities					
Trade and Other Payables	25	11,882,214	3,688,993	798,650	1,279,658
Deferred Income	24	5,829,555	5,572,913	5,621,458	5,382,488
Deposit for Shares	26	93,600	93,600	93,600	93,600
Dividend Payable	28	199,637	109,845	44,128	16,691
Current Tax Payable	29.1	478,409	469,574	137,435	128,600
Total Current Liabilities		18,483,416	9,934,925	6,695,271	6,901,037
Total Liabilities		28,585,213	19,300,193	17,320,699	16,907,883
Total Equity and Liabilities		46,476,187	38,670,775	25,256,844	25,685,466

These consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 26 October 2020.


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


 Alhaji Abatcha Bulama
 Director
 FRC/2014/ICAN/000006535


 Mr. Theophilus E. Netufo
 Managing Director/CEO
 FRC/2013/ICAN/00000004775


 Mr. Zacchaeus O. Adeyemo
 Controller of Finance
 FRC/2018/ICAN/00000017858

The accompanying notes on form an integral part of these consolidated financial statements.

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

Consolidated Statement of Comprehensive Income For The Third Quarter Ended 30 September 2020

	Note	Nine Months Ended			
		The Group		The Company	
		30-Sep-20 N'000	30-Sep-19 N'000	30-Sep-20 N'000	30-Sep-19 N'000
Revenue	11	3,602,833	9,118,650	2,172,525	5,401,575
Cost of Sales	12	(3,531,268)	(6,568,505)	(1,980,752)	(3,496,207)
Gross Profit		71,565	2,550,145	191,773	1,905,368
Other Income	13	332,938	298,403	327,533	17,767
Sales and Distribution Expenses	16	(133,385)	(347,705)	(92,482)	(208,743)
Administrative and General Expenses	15	(1,031,544)	(1,166,591)	(599,135)	(686,016)
Operating Profit/(Loss)		(760,426)	1,334,251	(172,311)	1,028,376
Finance Income	14	23,577	-	35,686	29,457
Finance Costs	17	(652,374)	(583,357)	(652,374)	(583,357)
Share of Loss in Investment Accounted for Using Equity		-	(147,014)	-	-
Profit/(Loss) Before Taxation		(1,389,224)	603,880	(788,999)	474,476
Current Tax Expense	29.3	(10,863)	(174,744)	(10,863)	(215,225)
Profit/(Loss) After Taxation		(1,400,087)	429,136	(799,862)	259,251
Profit/(Loss) Attributable to:					
Equity Holders of the Parent		(1,029,448)	324,232	-	-
Non-Controlling Interest		(370,639)	104,904	-	-
		(1,400,087)	429,136	(799,862)	259,251
Other Comprehensive Income/(Loss) for the Period					
Re-measurement gain/Loss of Defined Benefit Plan		-	-		
Total Comprehensive Income/(Loss) for the Period		(1,400,087)	429,136	(799,862)	259,251
Basic Earnings Per Share (kobo)		(67)	21	(38)	12

**Consolidated Statement of Comprehensive Income
For The Third Quarter Ended 30 September 2020**

	Three Months Ended			
	The Group		The Company	
	July-Sept. 2020	July-Sept. 2019	July-Sept. 2020	July-Sept. 2019
	N'000	N'000	N'000	N'000
Revenue	697,160	3,309,259	402,816	1,909,252
Cost of Sales	(803,033)	(2,208,935)	(432,098)	(1,158,119)
Gross Profit	(105,873)	1,100,324	(29,282)	751,133
Other Income	64,629	149,297	68,645	(18,828)
Sales and Distribution Expenses	(9,073)	(105,109)	(9,073)	(74,774)
Administrative and General Expenses	(353,856)	(538,542)	(186,195)	(333,987)
Operating Profit/(Loss)	(404,173)	605,969	(155,905)	323,543
Finance Income	12,041	5,461	35,686	-
Finance Costs	(220,037)	(196,927)	(220,037)	(196,927)
Share of Loss in Investment Accounted for Using Equity	-	(147,014)	-	-
Profit/(Loss) Before Taxation	(624,209)	262,027	(375,942)	126,615
Current Tax Expense	(2,014)	(117,412)	(2,014)	(49,943)
Profit/(Loss) After Taxation	(626,223)	144,615	(377,956)	76,672
Profit Attributable to:				
Equity Holders of the Parent	(446,276)	120,850	-	-
Non-Controlling Interest	(179,947)	23,765	-	-
	(626,223)	144,615	(377,956)	76,672
Other Comprehensive Income for the Period				
Total Comprehensive Income/(Loss) for the Period	(626,223)	144,615	(377,956)	76,672
Earnings Per Share (kobo)	(30)	7	(18)	4

Ikeja Hotel Plc
Statement of Changes in Equity as at 30 September 2020

Attributable to the Equity Holders of the Company	The Group					The Company			
	Issued Capital =N='000	Share Premium =N='000	Retained Earnings =N='000	Non-controlling interest =N='000	Total equity =N='000	Issued Capital =N='000	Share Premium =N='000	Retained Earnings =N='000	Total =N='000
Balance as at 1 January 2020	1,039,398	1,381,072	12,329,582	4,620,530	19,370,584	1,039,398	1,381,072	6,357,112	8,777,583
Changes in Equity for the Period									
Profit for the Period			(1,029,448)	(370,639)	(1,400,087)	-	-	(799,862)	(799,862)
Dividend Declared			(79,521)		(79,521)			(41,576)	
Total Comprehensive Income for the Period			(1,108,969)					(841,438)	(799,862)
As at 30 September 2020	1,039,398	1,381,072	11,220,614	4,249,891	17,890,976	1,039,398	1,381,072	5,515,675	7,977,721
At 31 January 2019	1,039,398	1,381,072	11,673,832	4,355,626	18,449,928	1,039,398	1,381,072	5,682,469	8,102,939
Changes in Equity for the period									
Profit for the Period			324,232	104,904	429,136	-	-	259,251	259,251
Dividend Declared and Paid During the Period					-				
Total Comprehensive Income for the Period						-	-	259,251	259,251
At 30 September 2019	1,039,398	1,381,072	11,998,064	4,460,530	18,879,064	1,039,398	1,381,072	5,941,720	8,362,190

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements
**Consolidated Statement of Cash Flows
For The Third Quarter Ended 30 September 2020**

	Notes	The Group		The Company	
		30-Sep-20 N'000	30-Sep-19 N'000	30-Sep-20 N'000	30-Sep-19 N'000
Profit/(Loss) Before Tax		(1,389,224)	609,341	(788,999)	474,478
Adjustment for:					
Depreciation of PPE		631,284	544,867	371,458	254,891
Amortisation of Intangible Asset		21,417	101,543	1,743	1,518
Finance Costs		652,374	583,357	652,374	583,357
Dividend Received		-	-	(26,658)	(26,744)
Share of Loss in Investment Accounted for Using Equity		-	147,014	-	-
Profit on Disposal of PPE		-	(9,750)	-	(9,750)
Exchange Gain		(326,892)	(280,636)	(326,892)	68,835
		(411,040)	1,695,736	(116,973)	1,346,584
Changes in:					
Inventories	20	43,829	24,905	29,355	4,594
Trade and Other Receivables	18	648,130	(196,934)	706,567	(268,727)
Other Assets	19	259,553	104,962	34,664	(88,492)
Post Employment Benefits	30	102,703	43,940	53,073	65,369
Loans and Receivables	21	(238,970)	(217,276)	(238,970)	(217,276)
Due from Related Parties		-	-	82,118	(8,719)
Trade and Other Payables	25	8,193,511	(164,648)	(481,008)	88,677
Deferred Income	24	256,642	90,268	238,970	217,275
Due to Related Parties		679,159	563,886	580,555	405,112
		9,533,517	2,280,992	888,351	1,484,890
Cash generated from Operating Activities					
Income Tax Paid	29.1	(2,027)	(64,302)	(2,027)	(369,545)
Net Cash from Operating Activities		9,531,489	2,216,690	886,323	1,115,345
Cash Flows from Investing Activities					
Additions to Property Plant and Equipment	7	(9,235,693)	(2,320,678)	(75,979)	(317,682)
Additions to Intangible Assets		(28,150)	(236,257)	(9,000)	-
Additions to Capital Work in Progress	9	(265,300)	-	(36,273)	-
Dividend Received		-	-	26,658	26,744
Proceed on Disposal of Property, Plant and Equipment		-	-	-	14,500
Net Cash Flows used in Investing Activities		(9,529,143)	(2,556,936)	(94,593)	(276,437)
Cash Flows from Financing Activities					
Finance Costs	9	(635,644)	(583,357)	(652,374)	(583,357)
Payment to Related Party		-	-	(86,818)	-
Dividend Paid	21	(52,083)	(47,819)	(14,138)	(62,364)
Net Cash Flows used in Financing Activities		(687,728)	(631,176)	(753,331)	(645,721)
Net Increase in Cash and Cash Equivalent		(685,381)	(971,420)	38,399	193,187
Cash and Cash Equivalents at the beginning of the year		5,656,450	6,292,323	3,209,767	2,524,787
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		326,892	-	326,892	-
Cash and Cash Equivalent at the end of the period		5,297,961	5,320,904	3,575,055	2,717,974

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

Notes to the Interim Financial Statements For the Third Quarter Ended 30 September 2020

1. The Group

1.1 The reporting entity

1.1.1 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, Charles Hampton and IHL Services Limited with 100% shareholdings.

1.2 The Company

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

The Hotel was managed and operated by Starwood Eame License and Services Company BVBA up to June 2017 under an agreement dated 31 October 1980 and renewed 1 April 2008. Subsequently Marriot International took over the management of the Sheraton brand from June 2017 due to acquisition of Starwood Eame License and Services Company BVBA.

1.3 Corporate office

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

1.4 Principal activities

The principal activities of the group are operation of hotels and restaurants, apartment letting, recreational facilities, night clubs and business centre services, advisory and consultancy services.

2. Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011.

2.1 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.

2.2 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.

2.3 Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30 September, 2020. 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.

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

Notes to the Interim Financial Statements For the Third Quarter Ended 30 September 2020

3. Basis of measurement

The financial statements have been prepared under the historical cost basis except for the following:

- Investment properties measured at fair value.
- Financial assets classified as amortised cost measured at amortised cost.
- Financial assets designated at fair value through other comprehensive income measured at fair value through other comprehensive income.
- Financial assets designated at fair value through profit or loss measured at fair value through profit or loss.
- Financial liabilities including borrowings measured at fair value.
- defined benefit obligations measure at the discounted future value of all expected future obligations plus past service costs and actuarial loss less actuarial gains.
- Inventory measured at lower of cost and net realisable value.

4. 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:

4.1 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.

4.2 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.

4.3 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 can be 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.

4.4 Impairment of financial assets

Impairment of financial assets is based on the application of the expected credit loss model (ECL) in accordance with IFRS 9, Financial Instruments. The measurement of expected credit loss by the Group under IFRS 9 reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. Also, management considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses. Management considers the risk or probability that a credit loss occurs by considering the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the probability of a credit loss occurring is low. The application of variables under this model involves estimates which require significant judgement by management.

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

Notes to the Interim Financial Statements For the Third Quarter Ended 30 September 2020

4.5 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.

4.6 Investment property

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss. Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replacement components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

4.7 Impairment of inventory

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.

5. Standards and interpretations issued/amended but not yet effective.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

5.1 Amendments effective from annual periods beginning on or after 1 January 2020

The following standards have been issued or amended by IASB and become effective for annual periods beginning on or after 1 January 2020

Standard		
IFRS 3	Business Combination	01-Jan-20
IAS 1 & IAS 8	Definition of Material	01-Jan-20
IFRS 17	Insurance Contracts	01-Jan-21

5.2 Amendments to IFRS 3 (Business Combination)

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g.) An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business.

They include:

- That to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The effective date is on or after 1st January 2020. This amendment does not have any impact on the company.

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

Notes to the Interim Financial Statements For the Third Quarter Ended 30 September 2020

5.3 Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of ‘material’. The amendments are intended to clarify, modify and ensure that the definition of ‘material’ is consistent across all IFRS. In IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of ‘material’ is quoted below:

5.3 Amendment to IAS 1 and IAS 8 (continued)

“An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity”.

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for annual reporting periods beginning on or after 1st January 2020. The company has taken into consideration the new definition in the preparation of its annual account.

5.4 IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity’s financial position, financial performance and cash flows. This standard does not impact the company/group in anyway as the company/group and its subsidiary companies do not engage in insurance business.

6. Summary of significant accounting policies

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.

6.1 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.

6.2 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

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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.

6.3 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.

6.4 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.

6.5 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.

6.6 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.

6.6.1 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.

6.6.2 Derecognition of property, plant and equipment

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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.

6.6.3 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:

Class of assets	%
Freehold land	NIL
Building	5
Hotel equipment	20
Office equipment, furniture and fittings	10
Computer equipment	33 ¹ / ₃
Motor vehicles	33 ¹ / ₃

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.

6.7 Intangible assets

These comprise computer software and goodwill. Intangible assets excluding goodwill is stated at cost, less accumulated amortisation and impairment losses, if any. Subsequent costs are included in the asset's carrying amount the intangible asset 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.

6.7.1 Amortisation of intangible assets

Intangible assets excluding goodwill is amortised on a straight-line basis over the estimated useful lives of the intangible asset. Amortisation charge is included in administrative expense in the profit or loss account. Intangible assets with an indefinite useful life are tested for impairment annually. Intangible assets are amortised from the date they are available for use. The useful lives is as follows:

- Computer Software - 10 years

The amortisation methods, useful lives and residual values of intangible assets are reviewed annually and adjusted if appropriate.

6.7.2 Intangible assets acquired separately

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

6.7.3 De-recognition of Intangible Assets

Intangible assets are derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The difference between the carrying amount at the date of derecognition and any disposal proceed as applicable, is recognised in profit or loss.

6.7.4 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

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- 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.

6.7.5 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. Impairment loss is recognized in the profit or loss account.

6.8 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. 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.

6.9 Non current assets held for sale

Items of property, plant and equipment (PPE) are classified as non current current assets held for sale when it is highly probable that the item of PPE is available for immediate sale in its present condition, management has committed to the sale and the sale is expected to be completed within one year from the date of classification. Non current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

Items of PPE and intangible assets classified as held for sale are not depreciated or amortised. Impairment losses are recognised for any initial or subsequent write down of the asset to fair value less cost to sell. Gains are recognised on any subsequent increase in fair value less cost to sell, up to the cumulative impairment loss that has been recognised.

6.9.1 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.

6.10 Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

6.10.1 Financial assets

The Group adopts IFRS 9, Financial instruments in the classification of its financial assets. In accordance with IFRS 9, the classification of financial assets is based on the Group's business model for managing the financial assets and the contractual cash flows characteristics of the asset as follows:

Amortised cost: Financial assets are measured at amortised cost where:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of

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principal and interest on the principal amount outstanding.

Fair value through other comprehensive income: financial assets are classified and measured at fair value through other comprehensive income where the Group's business model is both to collect contractual cash flows and selling the financial assets when opportunities arise. The contractual cash flows are represented by principal and interest repayments on the financial assets.

Fair value through profit or loss : any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

Appropriate reclassifications are made to financial assets when the group changes its business model for managing a financial asset.

Financial assets presently held by the Group are trade receivables which are held at amortised costs.

6.10.2 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.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables 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.

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.

6.10.3 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.

6.10.4 Impairment of financial assets

Impairment of financial assets is based on the application of the expected credit loss model (ECL) in accordance with IFRS 9, Financial Instruments. The measurement of expected credit loss by the Group under IFRS 9 reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. Also, the Group considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses. The expected credit loss is the weighted average of credit losses with the respective risks of a

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default occurring as the weightings. The Group considers the risk or probability that a credit loss occurs by considering the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the probability of a credit loss occurring is low.

Under IFRS 9, there are two approaches to the measurement of ECL as follows:

- a. General approach
- b. Simplified approach

6.10.4 Impairment of financial assets (continued)

Under the general approach considerations are given to whether there has been a significant increase in credit risks on the financial assets since initial recognition in which case an impairment loss for lifetime ECL is recognised. Otherwise, if at the reporting date management assesses that the credit risk on the financial asset has not increased significantly since initial recognition, impairment loss for 12 month ECL is recognised. Significant increase in credit risk is measured using the lifetime probability of default.

The simplified approach under the ECL model is based on a provision matrix and involves the following steps:

- Creating groups for trade receivables based on similar credit risks characteristics.
- Collection of historical loss rates data and determining the period of applicability of the data.
- Determination of the expected loss rates for each of the groups of trade receivables created based on established periods for which receivables are past due.
- Carry out necessary adjustments on the expected loss rates to reflect the effect of forward looking macro economic conditions expected to exist at the reporting date.
- Determination of the expected credit losses

The Group applies the simplified approach in the calculation of impairment loss on trade receivables.

6.10.5 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.

6.10.6 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.

6.10.7 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.

6.10.8 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.

Bank overdrafts are shown within borrowing in current liabilities.

6.10.9 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.

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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.

6.10.10 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.

6.11 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.

6.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

6.13 Trade payables

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

6.14 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.

6.15 Employee benefits

6.15.1 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.

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6.15.2 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.

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.

6.15.2 Defined benefit plan (continued)

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.

6.15.3 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.

6.15.4 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.

6.16 Provisions, contingent liabilities and contingent assets

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.

The Group discloses a contingent liability when there is a possible obligation depending on whether some uncertain future event occurs or when there is a present obligation, but payment is not probable and the amount can not be estimated reliably.

The Group discloses a contingent asset where it is possible that an asset can arise from past events and the existence will be confirmed by the occurrence or non occurrence of one or more future events not wholly within the control of the entity.

6.17 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.

6.18 Revenue from contract with customers

The Group applies the 5 step model in recognising revenue from contract with customers in accordance with IFRS 15, Revenue from contract with customers which involves:

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- a. Identifying the contract with a customers
- b. Identifying the performance obligation in the contract
- c. Determining the transaction price
- d. Allocating the transaction price to the performance obligation in the contract
- e. Recognising revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service)

Revenue from a valid contract with a customer is recognised when the following conditions are met:

- a. The contract has been approved by the parties to the contract.
- b. The rights and obligations of the parties to the contract in relation to the goods and services to be transferred are identifiable.
- c. The payment terms for the goods and services to be transferred are identifiable.
- d. The contract has commercial substance.
- e. it is probable that the consideration to which the group is entitled to in exchange for the goods or services will be collected.

The Group's revenue comprises lodging services, food and beverages sales and other services incidental to lodging to third parties.

6.19 Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether a contract is or contains a lease at the inception of the contract.

A contract is assessed to contain a lease if the following conditions are established:

- There is an identifiable asset in the contract.
- The customer has the right to control the use of the asset throughout the period of the lease in exchange for a consideration to the supplier.
- The customer has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use.
- The supplier does not have a substantive right to substitute the use of the asset throughout the period of use of the asset.

Where the Group is a lessee in the lease contract, the Group recognises a right of use asset and a lease liability at the inception of the contract. The right of use asset is measured using the cost model provided it:

- is not an investment property and the lessee fair values its investment properties.
- does not relate to a class of property, plant and equipment to which the lessee applies revaluation model, in which case all right-of-use assets relating to that class of property, plant and equipment can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

Where the lease is for a term of 12 months or less and containing no purchase options or the underlying asset has a low value when new such as personal computers or small items of office furniture, the Group accounts for lease payments as an expenses on a straight line basis over the term of the lease except another systematic basis is more reflective of the economic benefits obtainable from utilisation of the leased asset.

The right of use asset and the lease liability are initially measured at the present value of the lease payments payable over the lease term by discounting with the implicit rate of the lease. Where the implicit rate can not be readily determined, the Group shall apply its incremental borrowing rate.

Management has opted to exempt rental payments for its office as they are of a short term nature and not considered material. Also the Group has not entered into any lease contract where it is the lessor.

6.20 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.

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6.21 Dividend distributions

Final dividend distributions to the company's shareholders are only recognised as a liability in the subsequent reporting period following when it has been approved by the shareholders at the Annual General Meeting.

6.22 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.

6.23 Related parties

The Group designates an entity or a person a related party where it has identified that:

- The entity and the Group are members of the same group. Holding company and subsidiary relationship.
- The entity is a joint venture or associate of the Group or the entity is a joint venture or associate of another member of the Group.

6.23 Related parties (continued)

- The Group is controlled by the entity or person.
- The entity or the person has significant influence over the Group.
- The person is a key management personnel of the Group.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

The Group discloses transactions with related parties which includes the:

- The name of the related party.
- Nature of transaction with the related party.
- Amount of the transaction with the related party nature of transaction with the related party.
- Balance due from and to the related party at the end of the reporting period

The Group discloses the following information regarding key management personnel

- Short term employee benefits
- Post employment benefit

6.24 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.

6.25 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.

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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

6.26 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.

6.27 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.

6.28 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors is the chief operating decision makers and is responsible for assessing the financial performance and position of the group, and make strategic decisions. The Group identifies and segregates reportable segments based on their geographical location. These are components of the Group operating within a particular operating environment that are subject to risks and returns that are different from components operating in another economic environment.

6.29 Finance income and finance costs

6.29.1 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.

6.29.2 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.

6.30 Dealing in Issuers' Shares Policy

In accordance with the Post-listing Rules of the Nigerian Stock Exchange, Ikeja Hotel PLC has in place a share dealing policy which regulates securities transactions by its Directors, Employees and other insiders on terms which are no less exacting than the required standard set out in the Nigerian Stock Exchange Rules. The Policy is to be communicated periodically to derive compliance. In respect of the period ended 30 September 2020, the Directors of Ikeja Hotel PLC hereby confirm that:

A code of conduct regarding the securities transactions by all Directors was adopted by the Company. A specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Stock Exchange, and Ikeja Hotel PLC's code of conduct regarding securities transactions by Directors.

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements
SCHEDULE OF PROPERTY PLANT AND EQUIPMENT
For The Third Quarter Ended 30 September 2020

The Group								
7	Cost/Valuation	Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicles	Total
		N'000	N'000	N'000	N'000	N'000	N'000	N'000
	At 1 January 2020	3,440,742	5,750,066	5,264,401	3,841,886	392,179	298,454	18,987,728
	Additions	9,068,408	7,625	68,408	54,558	33,444	3,250	9,235,693
	At 30 September 2020	12,509,150	5,757,691	5,332,809	3,896,444	425,623	301,704	28,223,421
	At 1st January 2019	3,440,742	1,708,007	4,830,807	3,622,131	352,449	290,844	14,244,980
	Additions during the year	-	75,568	228,544	210,810	25,419	12,600	552,941
	Disposal during the year	-	-	(81,347)	-	-	(4,990)	(86,337)
	Transfer from work in progress	-	3,966,491	286,397	8,945	14,311	-	4,276,144
	At 30 September 2020	3,440,742	5,750,066	5,264,401	3,841,886	392,179	298,454	18,987,728
	Depreciation and impairment							
	At 1 January 2020	-	976,889	4,261,033	3,229,909	281,545	287,624	9,037,000
	Depreciation charge during the year	-	193,251	210,019	168,595	55,793	3,626	631,284
	At 30 September 2020	-	1,170,140	4,471,052	3,398,504	337,338	291,250	9,668,284
	At 1 January 2019	-	823,175	3,956,616	3,007,768	221,763	286,242	8,295,564
	Depreciation charge during the year	-	153,714	375,474	222,141	59,782	6,372	817,483
	Elimination on disposal	-	-	(71,057)	-	-	(4,990)	(76,047)
	At 31 December 2019	-	976,889	4,261,033	3,229,909	281,545	287,624	9,037,000
	Carrying Amount							
	At 30 September 2020	12,509,150	4,587,551	861,757	497,940	88,285	10,454	18,555,137
	At 31 December 2019	3,440,742	4,773,177	1,003,368	611,977	110,634	10,830	9,950,728
7.1	The Company							
	Cost/Valuation	Land	Buildings	Hotel Equipment	Office Equipment	Computer Equipment	Motor Vehicles	Total
	At 1 January 2020	3,084,350	4,785,300	2,953,220	96,263	390,527	62,035	11,371,695
	Addition	-	-	40,648	1,887	33,444	-	75,979
	At 30 September 2020	3,084,350	4,785,300	2,993,868	98,150	423,971	62,035	11,447,674
	At 1st January 2019	3,084,350	776,951	2,519,624	84,875	350,797	54,425	6,871,022
	Additions during the year	-	41,858	228,544	2,443	25,419	12,600	310,864
	Disposal during the year	-	-	(81,347)	-	-	(4,990)	(86,337)
	Transfer from work in progress	-	3,966,491	286,397	8,945	14,311	-	4,276,144
	At 31 December, 2019	3,084,350	4,785,300	2,953,218	96,263	390,527	62,035	11,371,693
	Depreciation and impairment							
	At 1st January 2020	-	649,197	2,245,314	70,708	279,891	51,204	3,296,314
	Depreciation charge during the year	-	175,096	134,454	2,966	55,793	3,150	371,458
	Elimination on disposal	-	-	-	-	-	-	-
	At 30 September 2020	-	824,293	2,379,768	73,673	335,684	54,354	3,667,773
	At 1st January 2019	-	518,928	2,122,559	66,354	220,111	54,425	2,982,377
	Depreciation charge during the year	-	130,269	193,812	4,356	59,782	1,769	389,988
	Elimination on disposal	-	-	(71,057)	-	-	(4,990)	(76,047)
	At 31 December, 2019	-	649,197	2,245,314	70,710	279,893	51,204	3,296,318
	Carrying Amount							
	At 30 September 2020	3,084,350	3,961,007	614,100	24,477	88,286	7,681	7,779,901
	At 31 December 2019	3,084,350	4,136,103	707,904	25,556	110,634	10,831	8,075,375

8 Investment Property	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Charles Hampton Limited	4,630,087	4,630,087	-	-

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 of land held for future development. Investment property are measured using the fair value model.

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

Notes to the Interim Financial Statements For The Third Quarter Ended 30 September 2020

Note	The Group		The Company		
	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000	
9	Capital Work in Progress				
	At 1 January	4,216,034	6,529,985	13,446	4,238,336
	Additions during the period	265,300	1,962,193	36,273	51,254
	Reclassification to Property plants & equipments	-	(4,276,144)	-	(4,276,144)
	Impairment	-	-	-	-
	Total	4,481,334	4,216,034	49,719	13,446
	This represents on going renovation works at the hotel				
10	Intangible Asset				
10.1	Computer Software				
	Cost/Valuation	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
	At 1 January	271,962	70,087	21,070	21,070
	Additions for the year	28,150	201,875	9,000	-
	Total	300,112	271,962	30,070	21,070
	Amortization				
	At 1 January	105,247	34,991	14,933	12,075
	Charge for the period	21,417	70,256	1,743	2,858
	Total	126,664	105,247	16,676	14,933
		173,448	166,715	13,394	6,137
10.2	Goodwill				
	At 1 January	4,452,668	4,452,668	-	-
	Impairment	-	-	-	-
	Total	4,452,668	4,452,668	13,394	6,137
10.4	Carrying Value				
		4,626,116	4,619,383	13,394	6,137
11	Revenue				
	Rooms	2,096,594	5,510,139	1,395,078	3,576,789
	Food & Beverage	1,075,575	2,927,305	599,997	1,507,094
	Minor Operating Departments	266,579	177,589	13,365	28,906
	Miscellaneous Income	164,084	503,617	164,084	288,787
	Total	3,602,833	9,118,650	2,172,525	5,401,575
12	Cost of Sales				
	Rooms	571,036	1,182,061	413,288	749,214
	Food & Beverage	885,414	2,073,689	523,777	1,192,889
	Minor Operating Departments	38,186	95,013	15,215	37,691
	Administrative & General	945,270	1,392,813	544,371	787,782
	Info & Telecom System	192,244	216,139	93,926	96,998
	Property Operations & Maintenance	297,705	701,741	143,707	281,431
	Insurance	19,928	17,830	19,928	17,830
	Utilities	581,486	889,220	226,541	332,372
	Total	3,531,268	6,568,505	1,980,752	3,496,207

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	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	N'000	N'000	N'000	N'000
13 Other Income				
Other services rendered	951	-	-	-
Sales of Scrap	4,192	8,018	307	8,018
Receipt for Insurance Claim	904	-	334	-
Gain/Loss on disposal of assets	-	9,750	-	9,750
Exchange Gain on Translation of Currency	326,892	280,636	326,892	-
	332,938	298,403	327,533	17,767

	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	N'000	N'000	N'000	N'000
14 Finance Income				
Interest Earned on Demand Deposit	20,564	5,461	9,028	2,713
Dividend Income	3,013	-	26,658	26,744
	23,577	5,461	35,686	29,457

	The Group		The Company	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	N'000	N'000	N'000	N'000
15 Administrative Expenses				
Directors Remuneration (Note:15.1a)	18,247	-	-	-
Employee Costs	81,062	75,516	65,403	75,516
Depreciation of PPE	631,283	544,851	371,458	254,874
Amortisation	21,235	1,518	1,743	1,518
Management Fee	68,346	132,706	32,588	48,614
Operations Incentive Fees	4,226	96,337	4,226	81,024
Legal Expenses	7,650	7,000	6,650	7,000
Professional Fees	38,441	68,756	38,441	68,756
Insurance	19,764	27,780	3,266	12,358
Medical Expenses	12,018	4,845	4,002	4,845
Transport and Travelling	2,816	5,601	2,470	3,118
Repairs & Maintenance	24,848	2,819	24,780	2,819
Bank charges and Commission	2,097	13,632	367	712
Audit Fee	14,918	8,622	7,418	6,000
Audit Expenses	7,059	10,451	293	-
Rent and Rate	5,267	7,353	5,267	7,353
Advertising and Publicity	1,686	2,225	1,686	2,225
Printing and Stationary	2,116	1,777	2,004	1,777
Communication	4,307	5,737	4,215	4,488
Subscription	3,371	3,872	3,371	3,872
Foreign Exchange Loss	-	68,835	-	68,835
AGM, Meeting and Secretarial expenses	41,135	34,405	9,408	16,973
Other Administrative Expenses (Note 15.1b)	19,652	41,953	10,081	13,339
	1,031,544	1,166,591	599,135	686,016

15.1 Administrative Expenses-Disclosures

a Directors Remuneration	N'000	N'000	N'000	N'000
Directors expenses	18,247	-	-	-
Directors fees		-	-	-
	18,247	-	-	-

b Other Administrative Expenses

	N'000	N'000
Pension contribution	5,399	4,726
Recruitment & Training	1,429	1,345
Auto Repairs	627	1,040
Electricity	1,237	3,128
Security	1,390	3,100
	10,081	13,339

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

	30-Sep-20 N'000	30-Sep-19 N'000	30-Sep-20 N'000	30-Sep-19 N'000
16 Sales & Marketing Expenses	133,385	347,705	92,482	208,743
17 Finance Cost	30-Sep-20 N'000	30-Sep-19 N'000	30-Sep-20 N'000	30-Sep-19 N'000
Interest Expense	652,374	583,357	652,374	583,357
	652,374	583,357	652,374	583,357
Interest expense represents charges paid and/or payable on loans.				
18 Trade Receivables	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
Trade Receivables	670,861	1,341,017	257,906	970,637
Allowances for Impairment Losses	(68,218)	(90,244)	(1,785)	(7,948)
	602,644	1,250,773	256,122	962,689
19 Other Assets	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
Prepayments (Note: 19.1)	154,965	53,010	114,711	26,659
Withholding tax receivables	367,616	487,486	367,616	370,883
Advances to Suppliers	25,644	239,483	25,644	141,960
Advances to Employees	36,640	47,328	563	3,696
Impairment Allowance	(17,111)	-	-	-
Total	567,754	827,307	508,534	543,198
	The Group	The Company		
19.1 Analysis of Prepayments	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
P/PM PC's Software	-	12,912	-	12,912
Prepaid Rent	6,564	2,569	6,564	2,569
Prepaid Maintenance	15,693	7,891	2,165	-
Prepaid Dues and Subscription	5,265	2,342	-	2,342
Prepaid Insurance	11,724	6,936	1,831	6,936
Supplies	6,865	9,316	-	-
Staff benefits	104,919	9,144	100,816	-
Prepaid - Others	3,935	1,900	3,335	1,900
Total	154,965	53,010	114,711	26,659
20 Inventories	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
Food and Beverage	137,718	93,068	101,361	42,238
Maintenance supplies	-	18,161	-	18,161
Operating supplies	-	70,317	-	70,317
Inventory WIP	472,979	472,979	-	-
Total	610,697	654,525	101,361	130,716
21 Loan to related party	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
At 1 January	6,752,300	6,455,477	6,752,300	6,455,477
Interest Capitalised	238,970	296,823	238,970	296,823
Amount received	-	-	-	-
Exchange Revaluation	-	-	-	-
	6,991,270	6,752,300	6,991,270	6,752,300

Loans and receivable relate to receivable from The Tourist Company of Nig. Plc

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	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
22 Due from Related Party				
Hans-Gremlin (Nigera) Ltd.	-	-	486,806	486,048
AVI	31,122	31,122	-	-
GMI & Co	113,188	113,188	-	-
Felfan	59,074	59,074	-	-
Charles Hampton	-	-	251,442	247,499
	<u>203,384</u>	<u>203,384</u>	<u>738,248</u>	<u>733,547</u>
Impairment allowance (22.1)	(90,196)	(90,196)	-	-
Total	<u>113,188</u>	<u>113,188</u>	<u>738,248</u>	<u>733,547</u>

Impairment allowance represent balance in Charles Hampton, AVI, and Felfan without movement for the past three years

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
23 Cash & Cash Equivalents				
Cash in Hand	87,159	2,507	1,036	1,836
Cash at Bank	4,253,609	3,083,908	3,531,555	1,734,530
	<u>4,340,768</u>	<u>3,086,415</u>	<u>3,532,591</u>	<u>1,736,366</u>
Time Deposits	957,192	2,570,035	42,464	1,488,451
	<u>5,297,961</u>	<u>5,656,450</u>	<u>3,575,055</u>	<u>3,224,817</u>

	The Group		The Company	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
24 Deferred Income	<u>5,829,555</u>	<u>5,572,913</u>	<u>5,621,458</u>	<u>5,382,488</u>

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
25 Trade and Other Payables				
Trade Payables	818,522	811,611	176,273	335,512
Accrued Expenses	735,201	1,185,350	439,647	612,435
CHP Hospitality and Tourism Limited	625,654	617,013	-	-
Advance Deposit	262,198	453,961	112,946	164,087
Due to Starwood Eame License and Service Company	-	16,170	-	16,170
Service Charge Distribution	11,009	77,454	11,009	51,334
VAT Payables	339,120	363,537	6,896	22,981
SAH/CHP Other payables	9,007,543	-	-	-
unclaimed Dividend	51,879	51,879	51,879	51,879
Other Payables	31,089	112,018	-	25,260
Total	<u>11,882,214</u>	<u>3,688,993</u>	<u>798,650</u>	<u>1,279,658</u>

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
26 Deposit for Shares	<u>93,600</u>	<u>93,600</u>	<u>93,600</u>	<u>93,600</u>

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
27 Due to Related Parties				
Capital Hotel Plc/Abuja Sheraton Hotel	-	-	521,198	589,514
Federal Palace/Sun	4,247	4,247	4,247	4,247
IHL Services limited	-	-	784,760	784,760
Alurum investment Ltd/Omamo Trust Limited	3,781,364	3,468,880	3,781,364	3,468,880
Minabo Limited	2,211,647	2,028,881	2,211,647	2,028,881
AVI Services/G. M. Ibru	1,677,466	1,538,844	1,677,466	1,538,844
	<u>7,674,724</u>	<u>7,040,852</u>	<u>8,980,681</u>	<u>8,415,126</u>

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	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
28 Dividend Payable				
At 1, January	109,845	109,845	16,691	16,691
Dividend declared	119,015	47,819	41,576	-
Dividend paid	(29,223)	(47,819)	(14,138)	-
	<u>199,637</u>	<u>109,845</u>	<u>44,128</u>	<u>16,691</u>

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
29 Taxation				
29.1 Current Tax Payable				
At 1 January	469,574	617,083	128,600	306,151
Payment in the year	(2,027)	(516,929)	(2,027)	(369,540)
Charge for the year (Note 29.3)	10,863	376,870	10,863	128,600
(Over)/under provision	-	(7,450)	-	63,389
At 30 September 2020	<u>478,409</u>	<u>469,574</u>	<u>137,435</u>	<u>128,600</u>

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

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
29.2 Deferred Taxation				
At January	553,841	611,127	134,615	188,252
Write back/Charge in the period	(46)	(57,286)	(46)	(53,637)
At 30 September 2020	<u>553,795</u>	<u>553,841</u>	<u>134,569</u>	<u>134,615</u>

	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
29.3 Current Tax Charges				
Income Tax	10,863	165,255	10,863	142,343
Education Tax	-	9,490	-	9,490
Prior year under Provision				63,393
	<u>10,863</u>	<u>174,744</u>	<u>10,863</u>	<u>215,225</u>
Deferred Taxation	-	-	-	-
Income Statement	<u>10,863</u>	<u>174,744</u>	<u>10,863</u>	<u>215,225</u>

Tax Payable/Deferred Tax

The Company has adopted the IFRS 12 - Income Taxes, Deferred Taxation which is computed using the liability method

30. Retirement benefit obligation

- The Company complies with the provisions of the Pension Reform Act 2014 whereby both employer and employees contributed 10% and 8% each of employee gross emolument on monthly basis. Both employer and employee contributions are remitted monthly to the employees' chosen Pension Fund Administrators (PFA). Employer contribution has been charged to the statement of profit or loss and other comprehensive income.
- Under the defined benefit's scheme member's past service benefits have been assessed using the Projected Unit Credit Method (PUCM). This method calculates the actuarial liability (staff gratuity benefits and long service grants) as the discounted value of the benefits that have accrued over the past period of membership of the beneficiaries. In determining this value allowance is made for any future expected inflationary growth of the on-going benefits up to the exit date.

	The Group		The Company	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
Defined contribution plan (Note 30.1)	-	-	-	-
Defined benefit plan (Note 30.2)	1,873,278	1,770,575	1,510,178	1,457,105
	<u>1,873,278</u>	<u>1,770,575</u>	<u>1,510,178</u>	<u>1,457,105</u>

30.1 Defined contribution plan

At 1 January	-	-	-	-
Contribution in the year	147,007	147,007	21,189	84,754
Remittance during the year	(147,007)	(147,007)	(21,189)	(84,754)
At 30 September 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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30.2 The defined benefit plan is further analysed into:

Active plan (Note 30.3)	1,439,290	1,386,217	1,439,290	1,386,217
Terminated plan (Note 30.4)	433,988	384,358	70,888	70,888
	<u>1,873,278</u>	<u>1,770,575</u>	<u>1,510,178</u>	<u>1,457,105</u>

30.3 Active Plan

	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
At 1, January	1,386,217	1,633,014	1,386,217	1,633,014
Current Service Cost & Interest	53,073	145,977	53,073	145,977
Interest Cost		174,379		174,379
Payment in the period	-	(371,262)	-	(371,262)
Re-measurement gains/losses	-	(195,891)	-	(195,891)
At 30 September 2020	<u>1,439,290</u>	<u>1,386,217</u>	<u>1,439,290</u>	<u>1,386,217</u>
Present value of defined benefit obligation	1,386,217	1,386,217	1,386,217	1,386,217
Fair value of plan assets	-	-	-	-

30.4 Terminated obligations

At 1 January	384,358	701,770	70,888	95,287
Payments in the year	-	(317,412)	-	(24,399)
At 30 September 2020	<u>384,358</u>	<u>384,358</u>	<u>70,888</u>	<u>70,888</u>

The terminated obligations is in respect of the gratuity scheme which have been discontinued based on agreements with the Group's workers union. Settlements of the outstanding balances at termination are made in accordance with terms contained in the agreement with the workers union.

31 Share Capital

31.1 Authorised	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
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>

31.2 Issued and fully paid

	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
At 1 January	1,039,398	1,039,398	1,039,398	1,039,398
At 30 September 2020	<u>1,039,398</u>	<u>1,039,398</u>	<u>1,039,398</u>	<u>1,039,398</u>
Number: 2,078,796,396 ordinary shares of 50 kobo each				

32 Share Premium Reserve

	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
At 1 January	1,381,072	1,381,072	1,381,072	1,381,072
At 30 September 2020	<u>1,381,072</u>	<u>1,381,072</u>	<u>1,381,072</u>	<u>1,381,072</u>

33 Retained Earnings

	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
At 1 January	12,329,582	11,673,832	6,357,112	5,682,469
Transfer from profit & loss account	(1,029,448)	570,042	(799,862)	541,116
Dividend declared	(79,521)	(110,183)	(41,576)	(62,364)
Re-measurement gain/(loss) on defined benefit plan	-	195,891	-	195,891
At 30 September 2020	<u>11,220,614</u>	<u>12,329,582</u>	<u>5,515,675</u>	<u>6,357,112</u>
	79,521			

34 Non-controlling interest

	30-Sep-20 N'000	31-Dec-19 N'000	30-Sep-20 N'000	31-Dec-19 N'000
At 1 January	4,620,530	4,355,626	-	-
Share of profit	(370,639)	264,904	-	-
At 30 September 2020	<u>4,249,891</u>	<u>4,620,530</u>	<u>-</u>	<u>-</u>

IKEJA HOTEL PLC (RC 10845) Unaudited Interim Financial Statements

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
35 Investment in Subsidiary				
Charles Hampton Limited	-	-	3,499	3,499
IHLS Limited	-	-	100	100
Hans Gremin Nigeria Limited	-	-	4,440,919	4,440,919
	<u>-</u>	<u>-</u>	<u>4,444,518</u>	<u>4,444,518</u>

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.

	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	N'000	N'000	N'000	N'000
36 Investment Accounted for Using Equity Method				
At 1 January	-	147,014	798,722	798,722
Share of loss of joint venture	-	(147,014)	-	-
At 30 September 2020	<u>-</u>	<u>-</u>	<u>798,722</u>	<u>798,722</u>

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

**IKEJA HOTEL PLC
GROUP RESULTS AT A GLANCE
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	30-Sep-20 =N='000	30-Sep-19 =N='000	% Change
Turnover	3,602,833	9,118,650	(60.49)
Operating (Loss)/Profit	(760,426)	1,334,251	(156.99)
Finance Charges	(652,374)	(583,357)	11.83
(Loss)/Profit Before Tax	(1,389,224)	603,880	(330.05)
Taxation	(10,863)	(174,744)	(93.78)
(Loss)/Profit After Tax	(1,400,087)	429,136	(426.26)

IMPACT OF COVID – 19 PANDEMIC

The devastating effect of COVID -19 Pandemic on the performance of the Company continues to reflect in the Third Quarter Financial Statements. In spite of the strategic response of the Management to reverse the losses caused by COVID -19 lockdown in the second quarter, the Company is recovering rather slowly. It is expected that by the end of the Year the Company would have returned to profitability.