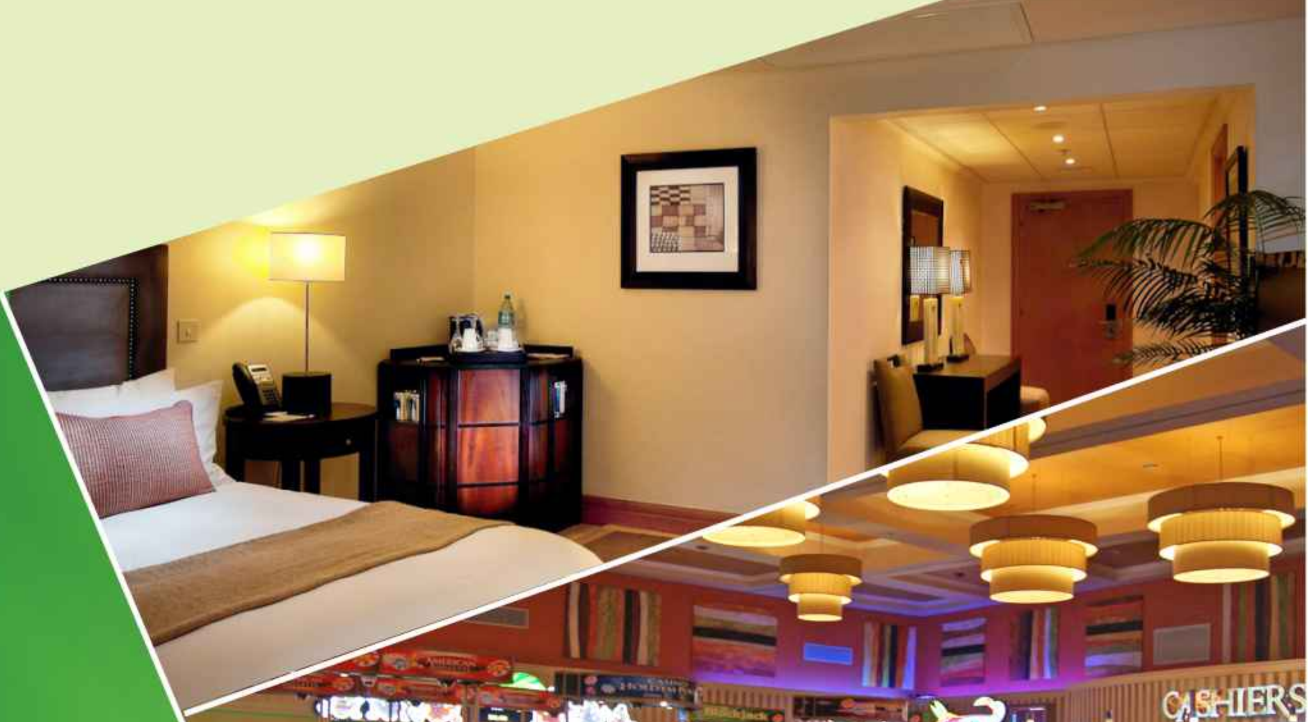
THE TOURIST COMPANY OF NIGERIA PLC (RC 3781)

(Trading as the Federal Palace Hotel & Casino, Victoria Island, Lagos.)



Annual Report and Annual Financial Statements

Together with Directors', Audit Committee And Independent Auditor's Reports

FOR THE YEAR ENDED 31 DECEMBER **2018**

Contents

Affix
Current
Passport Photograph

GREENWICH
REGISTRARS & DATA SOLUTIONS

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
GREENWICH REGISTRARS & DATA SOLUTIONS
274 Murtala Muhammed Way, Yaba, Lagos

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name	First Name	Other Names

Address

City | **State** | **Country**

Previous Address (if any)

CSCS Clearing House Number

Mobile Number 1 | **Mobile Number 2**

Email Address

Shareholder's Signature | **Company Seal (If applicable)**

2nd Signatory (Joint/Company Accounts)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234-(0)1-2793160-2.

Tick	Company Name	Shareholders Account No.
	11 PLC	
	Abplast Products PLC	
	Allianz Nigeria Plc (erstwhile Union Assurance Company Limited; Ensure Insurance)	
	Aluminium Extrusion PLC	
	Cashchew Nut Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	DN Tyre & Rubber PLC	
	Ecobank Transnational Incorporated (Naira)	
	Ecobank Transnational Incorporated (USD)	
	Ekiti State Bond Tranche 2	
	EKOCORP PLC	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria Limited	
	Great Nigeria Insurance PLC	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Reinsurance	
	Nigerian Enamelware Company PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	UBA Fixed N20 Billion Bond Series 1 Bond	
	UBN Property Company PLC	
	Unilever Nigeria PLC	
	Union Bank of Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	WEMA Bank PLC	
	Wema Funding SPV Plc Bond Series I & II	

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of the Tourist Company of Nigeria Plc will hold at the Federal Palace Hotel & Casino, 6 - 8 Ahmadu Bello Way, Victoria Island, Lagos on Thursday, the 18th of July 2019 at 10:00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To lay before members for approval, the audited Financial Statements for the year ended 31st December 2018 and to receive the report of the Directors, Audit Committee and Auditors thereon.
2. To retire and re-elect the Directors.
3. To authorize the Directors to fix the remuneration of the External Auditors.
4. To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

5. To approve the remuneration of the Directors.
6. That Shareholders of the Company approve related parties' transactions which are recurrent and necessary for the day to day operations of the company for the year ended 31st December 2018.
7. That Shareholders approve and grant a general mandate to the Board of Directors to engage in transactions with related parties as subsequently would be required for the proper running and day to day operations of the Company.

Notes:

I. PROXY
A member of the Company entitled to attend and vote at the meeting who is unable to attend the meeting and wishes to be represented at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. A Proxy Form is enclosed herewith, and if it is to be valid for the purpose of the meeting, it must be completed and duly stamped by the Commissioner of Stamp Duties and deposited at the registered office of the Registrars, Greenwich Registrars and Data Solutions, 274 Murtala Muhammed Way, Yaba, Lagos not less than 48 hours before the time of the meeting.

II. NOMINATIONS FOR THE AUDIT COMMITTEE
In accordance with Section 359 (5) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. Such nominations should be guided by the requirements of the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria, 2011.

III. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS
Shareholders have a right to ask questions not only at the meeting but also in writing prior to the meeting and such questions must be submitted to the Company Secretary on or before the 11th day of July 2019.

IV. CLOSURE OF REGISTER
The Register of Members and the Transfer Books of the Company will be closed from Monday 1st of July 2019 to Friday 5th of July 2019, both dates inclusive.

BY ORDER OF THE BOARD

Iheanacho Dike-Udensi
FRC/2018/NBA/00000018862
For PUNUKA NOMINEES LIMITED
Company Secretary

Lagos
March 28, 2019

Company Profile

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

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

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

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

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

Financial highlights

	31 December 2018	31 December 2017	% Increase / (Decrease)
	₦'000	₦'000	
Major statement of financial position items			
Non-current assets	32,073,414	8,136,547	294
Current assets	2,017,425	1,771,332	14
Capital and reserves/Net assets	12,689,721	(10,203,796)	224
Non-current liabilities	19,702,899	18,767,128	5
Current liabilities	1,698,219	1,344,547	26
Net assets per share (Kobo)	565	(454)	224

	31 December 2018	18 months to 31 December 2017	% Increase / (Decrease)
	₦'000	₦'000	
Major statement of profit or loss and other comprehensive income items			
Revenue	3,606,606	4,906,975	(27)
Loss before taxation	(1,379,384)	(3,218,232)	(57)
Loss for the year/period	(1,379,384)	(3,218,232)	(57)
Loss per share- basic (Kobo)	(61)	(143)	(57)
Stock Exchange Information			
Stock exchange quotation			
In Naira per share	3.50	3.50	-
Number of shares issued ('000)	2,246,437	2,246,437	-
Market capitalisation	7,862,530	7,862,530	-

Corporate information

Board of directors
Chief Anthony Idigbe, SAN - Acting Chairman
Mr. Abatcha Bulama
Mr. Ufuoma Ibru
Mr. D. Ramakhatela Mokhobo*
Mr. T. J. David Kliegl *
Mr. Norman Basthdaw *
Mr. Andrew G. Johnston *
Dr. Alexander A. Thomopulos
Mr. Bjorn Bjaaland* **
Mr. Henry Olujimu Boyo**

Secretary
Punuka Nominees Limited
International Law Centre
Plot 45 Oyibo Adjarho Street
Off Ayinde Akinmade Street
Off Admiralty Way
Lekki Peninsula Phase 1
Lagos

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

Members of the audit committee
Representing the shareholders:
Chief Victor C N Oyolu - Chairman
Mr. Bolaji B Banjo
Mr. Peter A Soares

Representing the board of directors:
Mr. D. Ramakhatela Mokhobo*
Mr. Abatcha Bulama
Dr. Alexander A Thomopulos

** South African*
*** Alternate directors*

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

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

Registrar
Greenwich Registrars & Data Solutions
274 Murtala Muhammed Way
Yaba
Lagos

Hotel and Casino Operators
Sun International (South Africa) Limited
6 Sandown Valley Crescent
Sandton
Republic of South Africa

Principal bankers
Stanbic IBTC Bank Plc
Plot 1712
Idejo Street
Victoria Island
Lagos

United Bank for Africa Plc
UBA House
57 Marina
Lagos Island
Lagos

Shareholder Information

HISTORY OF SHARE CAPITAL CHANGES

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

SHARE CAPITAL ANALYSIS AS AT 31 DECEMBER 2018

Range of shareholding	Number of shareholders	% of total shareholders	Total number of shares held	% shareholding
1 - 1,000	3,387	70.67	2,127,965	0.10
1,001 - 5,000	1,130	23.58	2,942,273	0.13
5,001 - 10,000	132	2.75	1,175,439	0.05
10,001 - 50,000	89	1.86	2,120,547	0.09
50,001 - 100,000	17	0.35	1,419,079	0.06
100,001 - 500,000	22	0.46	6,055,741	0.27
500,001 - 1,000,000	3	0.06	2,231,436	0.10
1,000,001 - and above	13	0.27	2,228,364,992	99.20
	4,793	**100.00**	**2,246,437,472**	**100.00**

Chairman's report

For the year ended 31 December 2018

Operating environment

During the financial year under review, Nigeria emerged from a prolonged recession. The recession was caused by the fall in global oil prices. This was further tempered by the fall in the Naira. Despite the fragile economy and difficult trading conditions, the Company managed to outperform the economy.

Nigeria's economy is said to be gaining steam in its goal to recover from the recession as a result of the declining oil prices. It has continued to show growth from the 2016 recession as stated in the African economic outlook 2018 by the African Development Bank.

According to the National Bureau of Statistic (NBS), in its Nigerian Gross Domestic Product Report for the fourth quarter and full year 2018, the Country's Gross Domestic Product (GDP) in the fourth quarter of 2018 grew at 2.38% in real terms (year-on-year) representing an increase of 0.27% points when compared to the fourth quarter of 2017 which recorded a growth rate of 2.11%. It also indicated a rise of 0.55% points when compared with the growth rate recorded in Q3 2018. On a quarter on quarter basis, real GDP growth was 5.31%. The fourth quarter growth performance implied that real GDP grew at an annual growth rate of 1.93% in 2018, compared to 0.82% recorded in 2017, an increase of 1.09% points. The performance of the economy in Q4, 2018 was primarily driven by the non-oil sector which grew by 2.70% in the quarter posting a growth of 2% for the entire 2018.

The country's external reserve as at the end of 2017 was $38.73 billion and as of 2018 was $43.08 billion. The improvement in the foreign reserves shows the ability of the CBN to defend the Naira.

For the period under review, the exchange rate was moderately stable in 2018 in different segments of the FX market. At the parallel market, the Naira floated between N361/$ – N363/$ while it traded between N360.95/$-N363.32 at the I & E FX window. Higher oil prices and stable local production levels of crude oil are the two key critical factors that calmed in the forex market. The Central Bank of Nigeria continues to maintain its intervention in the forex market in a bid to sustain the value of Naira.

According to statistics from the Organization of Petroleum Exporting Countries (OPEC), oil prices were trending down at $54 p/bl as at December 2018 from its peak of $88p/bl in the months of September and October 2018 which is below the 2019-2021 Medium-Term Expenditure Framework (MTEF) and 2019 budget benchmark of $60p/bl. The declining global oil prices may likely alter the Federal Government's economic projections for 2019 as well as impact adversely on its MTEF unless the trend reversed.

Inflation dropped from as high as an average of about 16.5% in 2017 to an average of about 12.4% in 2018 which shows improvement in the economy.

Going by the limited progress in the ongoing effort to diversify government revenue sources, the performance of the oil and gas sector would remain a critical factor that would shape the outlook for the economy in 2019.

Besides, issues associated with the business environment such as inadequate infrastructure, policy and regulatory reforms, security challenges amongst others remain critical to the progress of the economy. Notwithstanding, Nigeria remains a potentially robust economy with a large market, abundant natural resources and a productive population.

Company Performance
It is important to note that the Company is reporting on the 12-month financial period ended 31 December 2018. Prior year comparatives are for the 18 months ended 31 December 2017. Consequently, the amounts presented in the financial statements and the related notes are not entirely comparable.

The Company's revenue for the period ended 31 December 2018 decreased by 26.5% to N3.6 billion, from the 18 months ended 31 December 2017. On a pro rata basis, revenue increased by 10.3%. The operating loss decreased by 50.0% due to improved margins, reduced loss on foreign exchange translation and a shorter trading period. Competition remains aggressive, and price increases were challenging to pass on to the customer. Strict cost controls remain enforced in all operational departments.

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

Casino revenue decreased 30.3% in a competitive market which is still being affected by the fragile recovery of the Nigerian economy. On a pro rata basis, the Casino increased revenue in both tables and slots games. Casino revenue, however, continues to remain under pressure from both the economy and the emergence of smaller casinos throughout Lagos.

Hospitality revenue decreased by 23.9% from the previous 18-month period, but grew on a pro rata basis by 14%. Although the room occupancy was marginally lower, the average room rate grew significantly. Food and beverage revenue reflected growth on a pro rata basis despite the banqueting facility not being available for the first four months of 2018 while undergoing extensive renovation. The strategy of room rate adjustment and competitively priced products and services continues to contribute to maintaining market relevance. Consequently, gross hospitality profit increased by 21.9% on a pro rata basis.

Indirect costs decreased by 28.7%. Energy costs fell 36.1% due to improved electricity supply from the EKEDC grid, offsetting higher diesel prices.

The Company adopted the revaluation basis for valuing land and buildings. The revaluation generated a surplus of N24.3 billion. Consequently, the Company's solvency ratios have been restored. The remaining property, plant and equipment remain at historical cost.

The Company incurred a comprehensive loss before recognising the revaluation surplus of N1.4 billion. The loss included interest capitalised to shareholder loans of N959 million and an unrealised loss on shareholders loans of N64 million due to their denomination in US Dollars.

Forensic Audit
The firm of Akintola Williams Deloitte was contracted by the Securities and Exchange Commission to perform a forensic audit on the Company with a specific focus on the Sun International acquisition of TCN shares as well as "Ikeja Hotel Group" investment in TCN. The exercise is at 80% completion. It remains our hope that the results of the audit will improve the affairs of the Company further by settling the shareholders' dispute which continues to affect the Company significantly.

Delisting of the company
The Company received a notification from the Nigerian Stock Exchange (NSE) on 1 July 2015 of its intention to delist the Company owing to TCN not complying with the free float requirements of the NSE.

On 11 May 2017, the NSE communicated its decision to put the matter of delisting of the Company on hold due to the Company's affiliation with Ikeja Hotel Plc which is currently undergoing governance issues. On completion of the forensic audit, the Board will revisit available options as to delisting in-order to achieve an outcome that is in the best interest of the Company.

2019 Future Outlook
We remain committed to ensuring the longevity and profitability of the Company. We believe that as the nation continues to grow with significant contributions from other sectors of business including hospitality adding to Nigeria's GDP, we need to ensure that the Company is strategically positioned to drive this growth further.

The Company remains optimistic that the forensic audit will resolve the shareholder dispute and allow for strategies including the restructuring of its balance sheet and refurbishment of assets to propel its longevity and maximise profitability. We now look forward to the outcome of the forensic audit as it will put a more precise position of affairs of the Company and build investor confidence.

The Company continues to position itself as a substantial competitor on price and quality of the hospitality services offered and to maintain its property to the highest standard. TCN has become a significant operator in the convention business, which we will continue to expand on.

Despite the emergence of new casinos, the Company is hopeful that together with the regulatory body, the Lagos State Lotteries Board, the casino industry will see regulatory enforcement and compliance, leading the way for licensed operators to grow their business.

Chief Anthony Idigbe
Acting Chairman
FRC/2014/NBA/00000010414

Directors' report

For the year ended 31 December 2018

The board of directors is pleased to present its report to the members of the Company, together with the audited annual financial statements of the Company for the year ended 31 December 2018.

Legal form & principal activities

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

Principal activities

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

Change in accounting year end

By a resolution of the board of directors dated 16 March 2017, the company changed its financial accounting year end from 30 June to 31 December. This change was required to align the financial accounting year end of the Company with the financial accounting year end of the majority shareholders. The financial statements for prior period was prepared for 18 months from 1 July 2016 to 31 December 2017. Consequently, the amounts presented in the financial statements and related notes are not entirely comparable.

Operating results for the period

The Company's results for the year/period are as follows:

	12 months to 31 December 2018	18 months to 31 December 2017
	₦'000	₦'000
Revenue	3,606,606	4,906,975
Loss before taxation	(1,379,384)	(3,218,232)
Total comprehensive income/(loss) for the year/period	22,934,898	(3,218,232)

Property, plant and equipment

New capital work in progress during the year amounted to ₦221 million (2017: ₦226 million). Completed capital work in progress transferred to property, plant and equipment during the year totalled ₦160 million (2016: ₦234 million). Details of movements in the property, plant and equipment are shown in Note 11(a) to the financial statements. The Company adopted the revaluation basis for valuing land and buildings, resulting in a revaluation surplus of N24.3 billion. Consequently, the Company's solvency ratios have been restored. The directors are of the view that the Company's property, plant and equipment are valued at amounts not higher than the recoverable amount.

Dividend

The Company has not declared or paid any dividends for the period under review, and no dividend is proposed (2017: Nil).

Retirement of directors by rotation

In accordance with the articles of association of the Company, Mr. N Basthdaw, Mr. A Bulama and Mr. U Ibru retired by rotation at the annual general meeting. The retiring directors are eligible for re-election and have accordingly offered themselves for re-election.

Substantial shareholdings

As at 31 December 2018, the following shareholders held more than 5% of the issued share capital of the Company.

	No. of shares	%
Sun International Limited	1,108,138,647	49.3
Associated Ventures International Limited	419,408,169	18.7
Oma Investments Limited	405,614,547	18.1
Ikeja Hotels Plc	273,529,085	12.2

Directors' interests in contracts

Directors are required to disclose any interests they may have in contracts to be entered into by the Company, prior to the consideration of those proposed contracts by the board. The directors have notified the Company, for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, of their interest in new contracts deliberated upon during the period under review.

Mr. D Ramakhatela Mokhobo, and Mr. Norman Basthdaw are directors of Sun International (South Africa) Limited with which the Company signed an operating management agreement, effective 1 October 2017. This agreement has been approved by the National Office for Technology, Acquisition and Promotion (NOTAP) for a period of 5years.

The acting chairman of the Company is a partner in the law firm that acts as company secretary to the Company.

Further information on directors' interests in contracts entered into in the current and prior years is provided in Note 24 to the annual financial statements.

Directors' interests in shares

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

	31 December 2018		31 December 2017	
	Number of shares held		**Number of shares held**	
	Direct	**Indirect**	**Direct**	**Indirect**
Mr. Goodie M Ibru, OON (Note 1)	-	-	-	419,408,169
Mr. Yakubu A Disu*	-	-	110,000	-
Mr. Anthony M Leeming	-	-	-	-
Chief Anthony Idigbe	-	-	-	-
Mr. D Ramakhatela Mokhobo	-	-	-	-
Mr. Abatcha Bulama	1,000	-	1,000	-
Dr. Alexander A Thomopulos (Note 2)	25,000	500,000	25,000	500,000
Mr. Ufuoma Ibru	-	-	-	-
Mr. David Kliegl	-	-	-	-
Mr. Norman Basthdaw	-	-	-	-
Mr. Andrew G Johnston	-	-	-	-
Mr. Bjorn Bjaaland**[1]	-	-	-	-
Mr. Henry Olujimu Boyo**[2]	-	-	-	-

Note 1 – Held through Ikeja Hotel Plc and Associated Ventures International Limited.

Note 2 – Indirect shares held through Pacific Richfield Company Limited.

* Deceased 17 December 2017

**[1] *Alternate director to Mr. Norman Basthdaw*

**[2] *Alternate director to Dr. Alexander A. Thomopulos*

Corporate governance

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

– **Board of directors**

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

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

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

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

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

Chief Anthony Idigbe, SAN - Acting Chairman
Mr. Abatcha Bulama
Mr. Ufuoma Ibru
Dr. Alexander A. Thomopulos
Mr. D. Ramakhatela Mokhobo *
Mr. T. J. David Kliegl *
Mr. Norman Basthdaw *
Mr. Andrew G. Johnston *
Mr. Bjorn Bjaaland* **[1]
Mr. Henry Olujimu Boyo**[2]

** South African*
***[1] Alternate director to Mr. Norman Basthdaw (Appointed 19 July 2018)*
***[2] Alternate director to Dr. Alexander A. Thomopulos (Appointed 5 December 2018)*

The board met four times during the financial reporting period (on 8 March 2018, 30 May 2018, 19 July 2018 and 5 December 2018). In accordance with Section 258(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the record of directors' attendance at board meetings held during the financial year under review is set out below:

Name	08.03.2018	30.05.2018	19.07.2018	05.12.2018
Chief Anthony Idigbe, SAN	✓	✓	✓	✓
Mr. Abatcha Bulama	✓	✓	✓	✓
Mr. Ufuoma Ibru	✓	✓	×	✓
Dr. Alexander A. Thomopulos	×	✓	✓	✓
Mr. D Ramakhatela Mokhobo	✓	✓	✓	✓
Mr. T. J. David Kliegl	✓	✓	✓	✓
Mr. Norman Basthdaw	×	×	✓	✓
Mr. Andrew G. Johnston	✓	✓	✓	✓

✓- Present | × - Absent

– **Audit committee**

In accordance with Section 359(4) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the Company has an audit committee comprising three directors and three representatives of the shareholders. The audit committee carries out its functions as set out in section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and according to its approved terms of reference. During the financial period under review, the audit committee members were comprised as follows:

• *Representing the shareholders:*
Chief Victor C. N. Oyolu (Chairman)
Mr. Bolaji O. Banjo
Mr. Peter A. Soares

• *Representing the board of directors:*
Mr. D. Ramakhatela Mokhobo
Mr. Abatcha Bulama
Dr. Alexander A. Thomopulos

The audit committee met four times during the financial period under review. The number of meetings attended by each member is indicated below:

Name	**07.03.2018**	**30.05.2018**	**18.07.2018**	**03.12.2018**
Chief Victor C. N. Oyolu	✓	✓	✓	✓
Mr. Bolaji O. Banjo	✓	✓	✓	✓
Mr. Peter A. Soares	✓	✓	✓	✓
Mr. D Ramakhatela Mokhobo	✓	✓	✓	✓
Mr. Abatcha Bulama	✓	✓	✓	✓
Dr. Alexander A. Thomopulos	×	✓	✓	✓

✓ *- Present* | × *- Absent*

– **Other committees**

In addition to the audit committee, the board has a finance and risk committee and a nomination and governance committee. The composition of the committees and the number of meetings attended by each member was as follows:

Finance and risk committee:

Committee member	**07.03.2018**	**18.07.2018**	**04.12.2018**
Mr. Abatcha Bulama (Chairman)	✓	✓	✓
Mr. Ufuoma Ibru	✓	×	✓
Dr. Alexander A. Thomopulos	×	✓	✓
Mr. D. Ramakhatela Mokhobo	✓	✓	✓
Mr. T. J. David Kliegl	✓	✓	✓
Mr. Andrew G. Johnston	NYA	✓	✓

Nomination and governance committee:

Committee member	**06.03.2018**	**17.07.2018**	**04.12.2018**
Mr. Andrew G. Johnston (Chairman)	NYA	✓	✓
Mr. Abatcha Bulama	✓	✓	✓
Mr. Ufuoma Ibru	✓	×	✓
Dr. Alexander A. Thomopulos	×	×	✓
Mr. D. Ramakhatela Mokhobo	✓	✓	✓
Mr. T. J. David Kliegl	✓	✓	✓

✓ *- Present* | × *- Absent* | *NYA - Not Yet Appointed*

Internal audit
The internal audit function is performed by the firm of Deloitte & Touche. A systematic, disciplined and risk-based approach is adopted to evaluate and improve the effectiveness of internal controls and governance processes in the areas that are audited (generally twice per annum).

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

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

Going concern assessment
The directors have made an assessment of the Company's ability to continue to trade despite ongoing losses and borrowings exceeding available cash resources. However, the repayment of the borrowings is governed by the Second Shareholders Agreement, which specifies repayments of the borrowings would only be triggered by the Company achieving specific profitability targets, and provided adequate funding is available. The profitability targets will not be realised for the foreseeable future. Despite the economic indicators, the directors remain concerned at the challenging trading environment. The directors have assessed the cash flow position and believe the Company has sufficient resources to continue to trade for the foreseeable future. The directors will continue to closely monitor the liquidity position of the Company.

NSE policy requirements
The Company has developed a Security Trading Policy guiding its related parties in compliance with section 14 of the NSE Amended Rules. The Company has in place a Complaints Management Policy Framework in compliance with the Securities & Exchange Commission rules, which is located on the Company's website at www.tcn.com.ng.

Management, technical and service agreements
The Company has an operating management agreement with Sun International (South Africa) Limited for the management of the Federal Palace Hotel & Casino with effect from 1 October 2017. The new agreement was approved by the National Office for Technical Acquisition and Promotion (NOTAP) on 17 December 2018.

Delisting from the Nigerian Stock Exchange
On 1 July 2015, the Nigerian Stock Exchange (NSE) notified the Company of its intention to delist TCN due to the free float deficiency. A board resolution was passed on 13 July 2015 authorising the delisting, and communicated in a letter to the NSE on 20 July 2015. The Company sent a reminder to the NSE on 27 April 2016. The NSE responded on 31 May 2017 that the delisting process had been placed on hold until the governance problems at Ikeja Hotel Plc have been resolved. The board will consider its options when the Ikeja Hotel Plc's governance issues have been resolved, but will co-operate fully with the NSE on the way forward.

Employment and employees
(a) *Employment of physically challenged persons*
There were 5 physically challenged employees as at 31 December 2018 (2017: 5). The Company has an employment policy that precludes discrimination against the physically challenged. For employees of the Company who become physically challenged, arrangements are available to retrain them for alternative work within the Company.

(b) *Health and safety*

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

(c) *Employees' involvement and training*

Employees are regularly provided with information on matters concerning the Company and their welfare. Management holds regular formal and informal meetings with the staff, aimed at ensuring positive labour relations throughout the year. Two Unions, namely Hotel and Personal Services Senior Staff Association (HAPSSSA) and National Union of Hotels and Personal Services Workers (NUHPSW), were formally recognised by Zschlater Nigeria Limited, the substantive employer of the employees on 1 February 2015. Zschlater Nigeria Limited is the company providing staff to TCN. Employees are given regular on the job and classroom training, to equip them with the requisite skills and knowledge required for the efficient performance of their duties.

Shareholder dispute

A settlement agreement brokered by the Securities and Exchange Commission (SEC) resulted in the retirement of Mr. Goodie Ibru, SAN as Chairman of the Company and the reconstitution of the board to introduce four new directors representing the Ikeja Hotel Group, comprising Associated Ventures International Limited, Ikeja Hotel Plc and Oma Investments Limited: Chief Anthony Idigbe, SAN, Mr. Abatcha Bulama, Mr. Ufuoma Ibru and Dr. Alexander Thomopulos.

The settlement agreement included the commissioning of a forensic audit, conducted by Deloitte & Touche into Ikeja Hotel Plc and its subsidiaries and investee companies. The forensic audit is complete and the Company waits for Deloitte & Touche to issue their report to SEC. A further point to the settlement agreement is that all parties withdraw all legal claims and petitions against one another.

Donations

The Company did not make any donations or gifts in the year (2017: Nil). In compliance with Section 38(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose during the 2018 financial year (2017: Nil).

Independent Auditor

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

By Order of the Board

Dike- Udensi Iheanacho

FRC/2018/NBA/00000018862
For Punuka Nominees Limited
Company Secretary
7 March 2019

Statement of directors' responsibilities in relation to financial statements

for the year ended 31 December 2018

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria Cap C20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Anthony Idigbe (Acting Chairman)
FRC/2014/NBA/00000010414

7 March 2019

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

7 March 2019

Report of the audit committee

For the year ended 31 December 2018

In compliance with Section 359 (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, we have reviewed the Auditors' Report for the year ended 31 December 2018. We hereby report that:

1. The accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

2. The scope and planning of the external audit for the year ended 31 December 2018 were, in our opinion, adequate.

3. The Company maintained effective systems of accounting and internal controls during the year.

4. The external auditors' findings and recommendations on management matters were satisfactorily dealt with by management.

5. With the exception of rental services which have not been charged for mostly due to litigation, the methods adopted in determining the pricing of related party transactions are appropriate and reasonable, and not prejudicial to the interests of the Company and its minority securities holders.

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

Chief Victor C N Oyolu
FRC/2013/ICAN/00000003347
Chairman, Audit Committee
6 March 2019

Members of the Committee:
Representing the shareholders:
Chief Victor C N Oyolu
Mr. Peter A Soares
Mr. Bolaji B Banjo

Representing the board of directors:
Mr. D Ramakhatela Mokhobo (South African)
Mr. Abatcha Bulama
Dr. Alexander A Thomopulos

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

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **The Tourist Company of Nigeria Plc**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Tourist Company of Nigeria Plc (the Company), which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information, as set out on pages 21 to 63.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 30 of the accompanying financial statements, which indicates that the Company is involved in a litigation case which challenges the legality of the hotel management agreement currently in place. This condition, along with other matters as set forth in Note 30, indicates the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the following matter described below to be the key audit matter to be communicated in our report.

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Litigation and regulatory compliance	
Refer to Significant accounting policies (Note 4(m)) on page 34 and Contingencies (Note 27) on page 62 of these financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Company is currently subject to various tax audits and compliance investigations by the tax authorities which remain open as at the year-end date. In addition, as a result of an ongoing shareholders' dispute and litigation, a settlement agreement was reached in prior period between the major Nigerian shareholders. As part of the settlement agreement, the Securities and Exchange Commission (SEC) also engaged a forensic auditor with a specific focus to audit the share acquisition process in the Company. This forensic audit is however yet to be concluded. Furthermore, the Company is engaged in various litigation, other than that of the shareholders, arising in the normal course of business. The outcomes of these tax audits, compliance investigations and the various litigation are uncertain and could result in significant financial and reputational loss to the Company. The Directors have made an assessment of the potential impacts of these matters, based on judgments and assumptions (including the involvement of external experts and consultants). The significance of these judgments and assumptions in determining whether to record provisions or disclose contingent liabilities, makes litigation and regulatory compliance a matter of significance to the audit.	The following audit procedures were performed among others: - we obtained all correspondences with the tax authorities and checked the progress of the tax audit in the current period - we engaged our tax specialists to challenge the reasonableness of the Directors judgments with respect to the uncertain tax positions based on the provisions of the relevant tax laws - we evaluated the reasonableness of the Director's assessment of the status of ongoing litigation cases including updates to the cases in the current year, additional provisions to be recognized in the financial statements and disclosures to be made in the financial statements by obtaining external confirmation from the Company's Solicitors on the status of the ongoing litigation which the Company is a party to - we evaluated the Company's correspondence with relevant regulators for any potential exposure/liability arising - we assessed the adequacy of contingent liability disclosures in the financial statements relating to ongoing tax reviews and pending litigation
Impairment provision for trade receivables in line with IFRS 9	
Refer to Significant accounting policies (Note 4(g)) on page 31 and Trade and Other Receivables (Note 15) on page 45 of these financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Company adopted IFRS 9 - *Financial Instruments* which became effective 1 January 2018. The key change arising from the adoption of IFRS 9 is the significant difference in determining the impairment allowance which is now based on an Expected Credit Loss (ECL) model rather than an Incurred Loss model. The Company has applied a simplified ECL model to determine the impairment allowance to be recognized on trade receivables. The ECL model includes certain judgements and assumptions such as: - Historical assessment of bad debt allowance to trade receivables - Grouping receivables into customer categories in line with their credit profiles - Application of the relevant default days to the determination of the impairment loss.	The following audit procedures were performed among others: - we obtained an understanding of the Company's credit control and receivables impairment assessment processes and evaluated the design and implementation and testing the operating effectiveness of the relevant controls within those processes - we challenged the Company's assumptions, judgements, estimates and other parameters applied in the preparation of the ECL model, based on our understanding and knowledge of the industry and business of the Company and agreed the parameters to source documents, publicly available information and industry averages

KPMG

This is considered a matter of significance to the audit because the computation of impairment provision on trade receivables requires significant judgements, estimates and assumptions.	- we tested the accuracy of the calculation of the loss given model and loss rate used in the ECL calculations considering the historical trend of the trade receivables aging and collection pattern from customers - we re-computed the impairment allowance based on the ECL model and evaluated the adequacy of the impairment allowance recognised by comparing the outcome of our assessment of impairment allowance required to the impairment allowance recognized

Other Information

The Directors are responsible for the other information which comprises the Notice of annual general meeting, Company profile, Financial highlights, Corporate information, Shareholders information, Chairman's report, Directors' report, Statement of Directors' responsibilities in relation to the financial statements, Report of the audit committee and Other national disclosures (but does not include the financial statements and our audit report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

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

Signed

Goodluck C. Obi, FCA
FRC/2012/ICAN/00000000442
For: KPMG Professional Services
Chartered Accountants
23 April 2019
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0256204

Statement of financial position

As at

	Notes	31 December 2018 ₦'000	31 December 2017 ₦'000
ASSETS			
Non-current assets			
Property, plant and equipment	11(a)	31,955,649	8,018,270
Intangible assets	12	8,067	11,795
Tax assets	13	109,698	106,482
Total non-current assets		32,073,414	8,136,547
Current assets			
Inventories	14	111,101	113,463
Trade and other receivables	15	1,077,879	242,483
Prepayments	16	28,549	51,641
Cash and cash equivalents	21	799,896	1,363,745
Total current assets		2,017,425	1,771,332
Total assets		34,090,839	9,907,879
EQUITY AND LIABILITIES			
Equity			
Share capital	17(a)	1,123,220	1,123,220
Share premium	17(b)	4,132,763	4,132,763
Revaluation reserve	17(c)	24,314,282	-
Accumulated loss		(16,880,544)	(15,459,779)
Total Equity		12,689,721	(10,203,796)
Non- current liabilities			
Borrowings	18(a)	19,702,899	18,767,128
Total non- current liabilities		19,702,899	18,767,128
Current liabilities			
Trade and other payables	20(a)	1,698,219	1,344,547
Total current liabilities		1,698,219	1,344,547
Total liabilities		21,401,118	20,111,675
Total equity and liabilities		34,090,839	9,907,879

Approved by the Board of Directors on 7 March 2019 and signed on its behalf by:

_________________________) Chief Anthony Idigbe (Acting Chairman)
FRC/2014/NBA/00000010414

_________________________) Mr. Abatcha Bulama (Director)
FRC/2014/ICAN/00000006535

Additionally certified by;

_________________________) Mr. David Kliegl (General Manager)
FRC/2013/NIM/00000004949

_________________________) Mr. Bjorn Bjaaland (Financial Manager)
FRC/2013/MULTI/00000008950

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year/period ended

	Notes	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Revenue			
Gaming		1,390,500	1,996,296
Hospitality		2,216,106	2,910,679
		3,606,606	4,906,975
Expenditure			
Amortisation of intangible asset	12	(4,700)	(6,553)
Consumables and services	8(b)	(582,657)	(785,037)
Depreciation of property, plant and equipment	11(a)	(572,878)	(804,196)
Employee costs	6(a)	(1,110,741)	(1,714,769)
Management and support fees	23(c)	(244,478)	(136,713)
Promotional and marketing costs	8(d)	(85,839)	(86,592)
Property and administrative costs	8(c)	(1,312,160)	(1,987,408)
		(3,913,453)	(5,521,268)
Operating loss		(306,847)	(614,293)
Finance income	7(a)	5,018	1,472
Finance costs	7(b)	(1,077,555)	(2,605,411)
Loss before taxation	8	(1,379,384)	(3,218,232)
Taxation	9(a)	-	-
Loss for the year/period		(1,379,384)	(3,218,232)
Other comprehensive income for the year/period			
Revaluation of property, plant and equipment	11(b)	24,314,282	-
Total comprehensive income/(loss) for the year/period		22,934,898	(3,218,232)
Loss per share (kobo)			
Basic and diluted loss per share	10	(61)	(143)

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

Statement of changes in equity
Attributable to equity holders of the Company

	Share capital	Share premium	Revaluation reserve	Accumulated loss	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1 July 2016	1,123,220	4,132,763	-	(12,241,547)	(6,985,564)
Total comprehensive income	-	-	-	(3,218,232)	(3,218,232)
Balance at 31 December 2017	1,123,220	4,132,763	-	(15,459,779)	(10,203,796)
Adjustment on initial application of IFRS 9	-	-	-	(41,381)	(41,381)
Adjusted balance at 1 January 2018	1,123,220	4,132,763	-	(15,501,160)	(10,245,177)
Loss for the year	-	-	-	(1,379,384)	(1,379,384)
Other comprehensive income	-	-	24,314,282	-	24,314,282
Total comprehensive income	-	-	24,314,282	(1,379,384)	22,934,898
Balance at 31 December 2018	1,123,220	4,132,763	24,314,282	(16,880,544)	12,689,721

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

Statement of cash flows

For the year/period ended

	Notes	31 December 2018 ₦'000	31 December 2017 ₦'000
Cash flows from operating activities:			
Loss for the year/period		(1,379,384)	(3,218,232)
Adjustments for:			
Depreciation	11(a)	572,878	804,196
Amortisation	12	4,700	6,553
Operating equipment usage	11(a)	16,101	20,701
Net finance cost	7(c)	1,072,537	2,603,939
Write off of property, plant and equipment	8	46,799	43,414
		333,631	260,571
Changes in:			
Inventories		2,362	(19,787)
Trade and other receivables	15(b)	(876,777)	(169,847)
Tax assets		(3,216)	(4,903)
Prepayments		23,092	(24,850)
Trade and other payables	20(b)	265,619	(70,251)
Cash generated from operating activities		(255,289)	(29,067)
Value Added Tax (VAT) paid		(77,858)	(90,428)
Net cash used in operating activities		(333,147)	(119,495)
Cash flow from investing activities			
Interest income	7(a)	5,018	1,472
Acquisition of property, plant and equipment	11(d)	(237,506)	(253,106)
Acquisition of intangible assets	12	(972)	(7,739)
Net cash used in investing activities		(233,460)	(259,373)
Net decrease in cash and cash equivalents		(566,607)	(378,868)
Cash and cash equivalents, beginning of year/period		1,363,745	1,612,776
Effect of movements in exchange rate on cash held		2,758	129,837
Cash and cash equivalents, end of year/period		799,896	1,363,745

The accompanying notes on pages 25 to 63 form an integral part of these financial statements.

Notes to the financial statements

Notes to the financial statements

For the year ended 31 December 2018

1. Reporting entity

The Tourist Company of Nigeria Plc is a company listed on the Nigerian Stock Exchange. The address of the Company's registered office is 6-8 Ahmadu Bello Way, Victoria Island, Lagos. The Company converted from a private company to its current form on 20 April 1994. The Company operates a gaming and hospitality business in Victoria Island, Lagos.

2. Basis of accounting

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council Act, 2011. The financial statements were authorised for issue by the board of directors on 7 March 2019.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for financial liabilities initially measured at fair value and subsequently at amortised cost, financial assets measured at amortised cost and leasehold land and building measured at fair value.

(c) Critical accounting estimates and judgements

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

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

• Note 11(g) - 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.

• Note 19 - Deferred tax assets

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

• Note 28 - Contingencies (including taxation)

Management made certain key assumptions about the likelihood and magnitude of outflow of economic resources.

• Note 31 - Going concern

Management has made estimates on future economic and business realities as it relates to forecasts and budgets used in the assessment of the Company's ability to continue as a going concern and the appropriateness of the going concern assumption in the preparation of the financial statements for the year ended 31 December 2018.

(d) Functional and presentation currency

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

3. Changes in accounting policies

The following new standards which are effective from 1 January 2018 led to changes in the Company's significant accounting policies.

– IFRS 15 Revenue from Contracts with Customers
– IFRS 9 Financial Instruments

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods and services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The Company has adopted IFRS 15 using the cumulative method (without practical expedients), although there was no significant effect from the initial application of this standard. Accordingly the information presented for 2017 has not been restated as a result of adoption of IFRS 15 i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not been applied to comparative figures.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non financial items. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Due to the transition methods adopted by the Company in applying this standards, comparative information throughout these financial statements has not been restated to reflect the requirements of this new standards, except for separately presenting impairment loss on trade receivables. The effect of initially applying this standard is mainly attributed to an increase in impairment losses recognised on financial asset (trade receivables).

The table below summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings:

	Impact of adopting IFRS 9 on opening balance
Retained earnings	₦ 000
Recognition of expected credit loss under IFRS 9	(41,381)
Impact on 1 Januray 2018	(41,381)

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial statements measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Company has determined that the application of IFRS 9's impairment requirement at 1 January 2018 results in an additional allowance as follows:

	₦ 000
Loss allowance at 31 December 2017 under IAS 39	(93,584)
Additional impairment recognised at 1 January 2018 on:	
Trade and other receivables as at 31 December 2017	(41,381)
Loss allowance at 1 January 2018 under IFRS 9	(134,965)

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings.

Accordingly, the information presented for 2017 does not generally reflect the requirement of IFRS 9, but rather those of IAS 39.

4. Significant accounting policies

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

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Foreign exchange gains or losses arising on translation are recognised in profit or loss.

(b) Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are stated at cost/revalued amount less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment not yet available for use are disclosed as capital-work-in-progress.

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

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

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

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

II. Depreciation

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

Buildings and infrastructure		
- Casino and hotel premises	–	36 - 40 years
- Infrastructure	–	10 - 40 years
Plant and machinery		
- Pumps, pipes, tanks and compressors	–	10 years
- Generating set equipment	–	2 years
- Generators	–	10 years
Hotel and office equipment	–	10 years
Motor vehicles	–	9 years
Furniture and fittings	–	10 years
Casino equipment	–	10 years

The Company does not depreciate its leasehold land.

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

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at reporting date.

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

Subsequent costs

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is then de-recognised. All other repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

III. Borrowing costs

Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of development or construction.

IV. Derecognition

The carrying amount of an item or PPE shall be derecognised on disposal or when no future economic benefit is expected from its use or disposal.

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

(c) Intangible assets

Recognition and measurement

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

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

Subsequent costs

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is then de-recognised. All other repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Derecognition

The carrying amount of an item is derecognised on disposal or when no future economic benefit are expected from its use or disposal.

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

(d) Impairment of non-financial assets

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

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

(e) Inventories

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

(f) Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables and subsequently measured at amortised cost. Cash and cash equivalents comprise cash on hand and deposits held on call with banks with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of cash flow statement.

(g) Financial instruments

Financial instruments carried at reporting date include trade receivables, cash and cash equivalents, borrowings, trade payables and accruals.

Financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

I. Recognition and derecognition

Financial instruments, comprising financial assets and financial liabilities, are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or where it neither transfers nor retains substantially all of the risks and rewards of ownership and loses control. When control is retained, the Company continues to recognise the financial asset to the extent of its continuing involvement. Assets are also de-recognised when they are written off. Assets are written off when there is no reasonable expectation of further recoveries even though there may be enforcement actions ongoing.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

I. Recognition and derecognition

Policy applicable from 1 January 2018

All financial assets and liabilities are initially recognised at fair value, which is usually the transaction price including, where appropriate, transaction costs, with the exception of trade receivables without a significant financing component, which are measured at their transaction price, determined in accordance with the Company's accounting policies for revenue. Subsequently, measurement depends on the financial assets/liabilities classification as follows:

– *Financial assets measured at fair value through profit or loss (FVPL)*

Non-equity financial assets are classified at fair value through profit or loss if they arise from contracts which do not give rise to cash flows which are solely principal and interest, or otherwise where they are held in a business model which mainly realises them through sale. Such assets are re-measured to fair value at the end of each reporting period. Gains and losses arising from re-measurement are taken to profit or loss, as are transaction costs.

– *Financial assets measured at FVOCI*

Non-equity financial assets are classified at fair value through other comprehensive income where they arise from contracts which give rise to cash flows which are solely principal and interest and which are held in a business model which realises some through sale and some by holding them to maturity. They are recognised initially at fair value plus any directly attributable transaction costs, or in the case of trade receivables, at the transaction price.

At the end of each reporting period they are re-measured to fair value, with the cumulative gain or loss compared to their amortised cost being recognised in other comprehensive income and in the fair value reserve, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gain and losses.When these assets are derecognised, the cumulative gain or loss is reclassified from equity to profit or loss.

– *Financial assets measured at amortised cost (AC)*

Financial assets are held at amortised cost when they arise from contracts which give rise to contractual cash flows which are solely principal and interest and are held in a business model which mainly holds the assets to collect contractual cash flows.

These assets are measured at amortised cost using the effective interest method and are also subject to impairment losses. Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated on the amortised cost (i.e. gross carrying amount less loss allowance). Interest income is included in finance income.

Policy applicable before 1 January 2018

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

The Company has the following non-derivative financial assets

– *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 and cash and cash equivalents. Loans and receivables with short-term duration and no stated rates of interest are measured at original invoice amounts where the effect of discounting is not significant.

– *Cash and cash equivalents*

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

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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. Short term trade and other payables with no stated rates of interest are measured at original invoice amounts where the effect of discounting is not significant.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

(h) Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

(i) Current and deferred tax

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

Current Tax

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

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

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

Deferred Tax

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

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

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

(j) Leased assets

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

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases and are not recognised in the Company's statement of financial position.

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

(k) Employee benefits

Short-term employee benefits

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

Defined contribution plans

The Company operates a contributory scheme in line with the Pension Reform Act, 2014. The Company and the employees respectively contribute 10% and 8% of the employees' current salaries and designated allowances into a separate entity.

The Company's contributions are charged to profit or loss in the period to which the contributions relate. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

(l) Provisions

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

(m) Contingent liabilities

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

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(n) Statement of cash flows

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

(o) Revenue

Revenue is recognised at the transaction price, when control of a good or service is transferred to a customer in the ordinary course of the Company's activities.

Revenue includes net gaming win, hotel, entertainment and restaurant revenues, other service fees, rental income and the invoiced value of goods and services sold less returns and allowances. Taxes levied on casino winnings are included in revenue and treated as overhead expenses, as these are borne by the Company and not by its customers.

VAT on all other revenue transactions is considered to be a tax collected by the Company as an agent on behalf of the revenue authorities and is excluded from revenue. Customer loyalty points are provided against revenue when points are earned.

(p) Finance income and finance costs

Interest income and interest expense on all interest bearing financial instruments are recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipt through the expected life of the financial instrument. Net finance costs include interest expense on borrowings as well as interest income on bank balances. Net finance costs also include other finance income and expense items, such as exchange differences arising on borrowings and the settlement of foreign currency creditors. Foreign currency gains and losses are reported on a net basis.

(q) Loss per share

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

(r) Segment reporting

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, shared services and tax assets and liabilities.

(s) Related parties

Related parties includes the ultimate holding company and other major shareholders, directors, their close family members and any employee who is able to exert a significant influence on operating policies or the Company, are also considered to be related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity directly or indirectly.

(t) Accounting policy developments

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

New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of the Company for the year ended 31 December 2018, the following Standards, Amendments to Standards and Interpretations were in issue but not yet effective:

- Annual Improvements to IFRSs 2014 - 2016 Cycle - various standards (Amendments to IFRS 1 and IAS 28), Effective date; 1 January 2019
- IFRIC 23 Uncertainty over Income Tax Treatments, Effective date; 1 January 2019
- IFRS 16 Leases, Effective date; 1 January 2019
- Plan Amendment, Curtialment or Settlement (Amendments to IAS 19), Effective date; 1 January 2019
- Prepayment features with negative compensation (Amendments to IFRS 9), Effective date; 1 January 2019
- Long Term Interests in Associate and Joint Ventures (Amendment to IAS 28), Effective date; 1 January 2019
- Amendments to IFRS 3 Definition of a Business, Effective date; 1 January 2020
- Amendments to IAS 1 and IAS 8 Definition of Material, Effective date; 1 January 2020
- IFRS 17 Insurance Contracts, Effective date;1 January 2021

- Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

Except for those Standards, Amendments to Standards and Interpretations that are not applicable to the entity, all Standards, Amendments to Standards and Interpretations will be adopted at their effective date unless otherwise indicated.

The following Standards, Amendments to Standards and Interpretations are not applicable to the business of the entity and will therefore have no impact on future financial statements.

- IFRIC 23 Uncertainty over Tax treaments, Effective date; 1 January 2019
- Longterm Interests in Associate and Joint Ventures (Amendment to IAS 28), Effective date; 1 January 2019
- Prepayment features with negative compensation (Amendments to IFRS 9), Effective date; 1 January 2019
- Plan Amendment, Curtialment or Settlement (Amendments to IAS 19), Effective date; 1 January 2019
- Amendments to IFRS 3 Definition of a Business, Effective date; 1 January 2020
- IFRS 17 Insurance Contracts, Effective date;1 January 2021
- Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

The directors are of the opinion that the impact of the application of the remaining Standards, Amendments to Standards and Interpretations will be as follows:

IFRS 16, "Leases". *Date issued by IASB; January 2016, Effective date; 1 January 2019*
Early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16.

IFRS 16 replaces IAS 17 *Leases* , IFRIC 4 *Determining whether an Arrangement contains a Lease* , SIC-15 Operating Leases – *Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 introduces a single, on-balance sheet lease accounting model for leases. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the composition of the Company's lease portfolio at that date, the Company's latest assessment of whether it will exercise any lease renewal options and the extent to which the Company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Company will recognise new assets and liabilities for its operating leases of casino equipment. As at 31 December 2018, the Company had no future minimum lease payments under non-cancellable operating leases.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

(i) ***Determining whether an arrangement contains a lease***

On transition to IFRS 16, the Company can choose whether to:
- apply the IFRS 16 definition of a lease to all its contracts; or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17.

(ii) ***Transition***

As a lessee, the Company can either apply the standards using a:
- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all its leases.

The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company is assessing the potential impact of using these practical expedients.

The Company is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

5. Determination of fair values

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

(a) Trade and other receivables

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

(b) Borrowings

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

(c) Property, plant and equipment

The fair value of leasehold land and buiding which were revalued in the year was determined based on the observable market price for similar property in the same location with consideration for cost required to ensure the sale at the date of the revaluation.

6. Employee costs

(a) Employee costs for the year/period comprises:

	12 months to 31 December 2018	18 months to 31 December 2017
	₦'000	₦'000
Salaries, wages, bonuses and other benefits	831,522	1,280,035
Defined contribution pension fund costs	82,404	124,763
Other personnel costs	196,815	309,971
	1,110,741	1,714,769

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

₦		₦	12 months to 31 December 2018	18 months to 31 December 2017
			Number	Number
0	-	200,000	1	3
200,001	-	400,000	1	4
400,001	-	600,000	31	22
600,001	-	800,000	76	162
800,001	-	1,000,000	98	14
1,000,001	-	2,000,000	88	99
2,000,001	-	Above	51	45
			346	349

The number of full-time persons employed per function as at year/period end was as follows:

	12 months to 31 December 2018	18 months to 31 December 2017
	Number	Number
Gaming	69	57
Hospitality	241	246
Administration and support services	36	46
	346	349

(c) Pension payable

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

	12 months to 31 December 2018	18 months to 31 December 2017
	₦'000	₦'000
Balance at beginning of the year/period	4,119	-
Charge for the year/period	82,404	124,763
Payments during the year/period	(82,219)	(120,644)
Balance as at end of the year/period	4,304	4,119

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

(d) Directors' remuneration

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

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Executive directors	117,363	156,267
Non-executive directors	2,060	1,661
	119,423	157,928

The directors' remuneration shown above includes:

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Chairman's fees	460	165
Highest paid director	117,363	156,267

Other directors received emoluments in the following ranges;

₦		₦	12 months to 31 December 2018 Number	18 months to 31 December 2017 Number
0	-	100,000	1	4
100,001	-	Above	7	6
			8	10

7. Finance income and costs

(a) Finance income comprises:

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Interest income on bank balances	(5,018)	(1,472)
	(5,018)	(1,472)

(b) Finance costs comprise:

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Interest expense	959,333	1,369,855
Loss on foreign currency translation	118,222	1,235,556
	1,077,555	2,605,411

(c) Net finance costs:

Finance income	(5,018)	(1,472)
Finance costs	1,077,555	2,605,411
	1,072,537	2,603,939

8. Loss before taxation

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

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Depreciation of property, plant and equipment (Note 11(a))	572,878	804,196
Amortisation of intangible assets (Note 12)	4,700	6,553
Operating lease charges - casino equipment	2,689	7,796
Audit fees	19,425	25,200
Non-Audit fees*	5,394	4,841
Audit expenses	250	320
Write off of property, plant and equipment	46,799	43,414
Employee costs (Note 6(a))	1,110,741	1,714,769
Loss on foreign currency translation (Note 7(b))	118,222	1,235,556
Management and support fees (Notes 23(c))	244,478	136,713

* Tax and Corporate services amounting to ₦5.4 million (2017: ₦4.8 million) with respect to transfer pricing documentation, and application for NOTAP certificate were provided by KPMG Professional Services.

(b) Consumables and services comprise the following:

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Cost of sales - food & beverage	253,143	378,094
Cost of sales - other	20,745	29,847
Amortisation of casino licence fees	50,856	85,000
Other operating expenditure	54,995	64,379
Card commission	23,149	26,438
Printing & Stationery	11,386	11,154

Gaming - Taxes	72,214	89,919
Entertainment	20,800	20,679
Repairs and maintenance	22,209	23,672
General expenses	39,788	34,657
Other casino related expenses	13,372	21,198
	582,657	785,037

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

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Power, fuel and other utilities	667,568	1,044,447
Card commission	25,798	27,337
Repairs and maintenance	146,241	221,030
Information technology and related expenses	104,534	147,719
Outsourced contracts	72,458	111,118
Professional fees	114,218	145,650
Bad debts (recovered)/expense	(30,761)	8,248
Operating lease charges - casino equipment	2,689	7,796
Write off of property, plant and equipment	46,799	43,414
Insurance	80,347	109,565
Licenses and permits	32,327	36,474
Other general expenses	49,942	84,610
	1,312,160	1,987,408

(d) Promotional and marketing costs comprise of the following:

	12 months to 31 December 2018 ₦'000	18 months to 31 December 2017 ₦'000
Gaming promotion and marketing	32,941	30,203
Resort marketing, promotion and advertisement	40,717	40,398
Complimentary services	11,829	13,262
Other general expenses	352	2,729
	85,839	86,592

Taxation

Income tax expense

The Company's results when adjusted for tax purposes resulted in a nil assessible and taxable income. Accordingly, no provision has been made for income and tertiary education taxes for the year (2017: Nil).

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

The effective production date was certified by the Industrial Inspectorate Department of the Federal Ministry of Commerce and Industry on 28 May 2013. In accordance with the provision of the Industrial Development (Income Tax Relief) Act, the Company's profit attributable to the Pioneer line of business is therefore not liable to income taxes for the duration of the Pioneer period, which ended 31 December 2015. The Company incurred tax losses, consequently there was no tax payable in current year.

(c) *Reconciliation of effective tax rate*

	%	2018 ₦'000	%	2017 ₦'000
Loss from continuing operations		(1,379,384)		(3,218,232)
Taxation		-		-
Loss before tax		(1,379,384)		(3,218,232)
Income tax using the company's tax rate	32	(441,403)	30	(965,470)
Origination and reversal of temporary difference	-29	399,260	-27	879,884
Effect of permanent differences	-3	42,143	3	85,586
	-	-	-	-

10. Loss per share

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

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

Number of shares for loss per share calculation

	31 December 2018	31 December 2017
Weighted number of shares	2,246,437,472	2,246,437,472
	Kobo	Kobo
Basic and diluted (loss)/earnings per share	(61)	(143)

11 Property, plant and equipment (PPE)

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

	Leasehold Land	Buildings	Infrastructure	Plant & Machinery	Casino Equipment	Hotel & Office Equipment	Motor Vehicles	Furniture & Fittings	Operating Equipment	Capital Work in Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Deemed cost											
Balance at 1 July 2016	171,287	8,857,125	341,901	479,977	920,646	825,649	59,999	605,179	161,845	34,160	12,457,768
Additions	-	-	-	-	-	-	-	-	31,927	226,381	258,308
Transfers	-	26,317	56,121	127,112	5,663	19,191	-	-	-	(234,404)	-
Operating equipment usage	-	-	-	-	-	-	-	-	(20,701)	-	(20,701)
Write-offs	-	(21,807)	(8,211)	(12,115)	(226)	(55,857)	(947)	-	-	-	(99,163)
Balance at 31 Dec 2017	**171,287**	**8,861,635**	**389,811**	**594,974**	**926,083**	**788,983**	**59,052**	**605,179**	**173,071**	**26,137**	**12,596,212**
Balance at 1 January 2018	171,287	8,861,635	389,811	594,974	926,083	788,983	59,052	605,179	173,071	26,137	12,596,212
Additions	-	-	-	-	-	-	-	-	37,901	220,974	258,875
Transfers	-	29,078	10,494	93,690	3,052	22,627	362	760	-	(160,063)	-
Operating equipment usage	-	-	-	-	-	-	-	-	(16,101)	-	(16,101)
Write-offs	-	(18,515)	(786)	(2,639)	(213,143)	(18,974)	-	(30,804)	-	-	(284,861)
Revaluation	15,018,563	9,295,719	-	-	-	-	-	-	-	-	24,314,282
Elimination on Revaluation	(69,850)	(2,358,734)	-	-	-	-	-	-	-	-	(2,428,584)
Balance at 31 Dec 2018	**15,120,000**	**15,809,183**	**399,519**	**686,025**	**715,992**	**792,636**	**59,414**	**575,135**	**194,871**	**87,048**	**34,439,823**
Depreciation											
Balance at 1 July 2016	66,378	1,894,968	72,095	241,075	528,331	510,298	49,440	466,910	-	-	3,829,495
Depreciation for the period	3,472	314,586	22,385	107,769	138,851	125,217	3,049	88,867	-	-	804,196
Write-offs	-	(4,828)	(1,857)	(7,446)	(120)	(40,955)	(543)	-	-	-	(55,749)
Balance at 31 Dec 2017	**69,850**	**2,204,726**	**92,623**	**341,398**	**667,062**	**594,560**	**51,946**	**555,777**	**-**	**-**	**4,577,942**
Balance at 1 January 2018	69,850	2,204,726	92,623	341,398	667,062	594,560	51,946	555,777	-	-	4,577,942
Depreciation for the year	-	271,037	19,205	98,714	90,623	56,630	1,920	34,749	-	-	572,878
Write-offs	-	(4,480)	(376)	(353)	(189,989)	(12,070)	-	(30,794)	-	-	(238,062)
Elimination on revaluation	(69,850)	(2,358,734)	-	-	-	-	-	-	-	-	(2,428,584)
Balance at 31 Dec 2018	**-**	**112,549**	**111,452**	**439,759**	**567,696**	**639,120**	**53,866**	**559,732**	**-**	**-**	**2,484,174**
Carrying amounts											
At 1 January 2018	**101,437**	**6,656,909**	**297,188**	**253,576**	**259,021**	**194,423**	**7,106**	**49,402**	**173,071**	**26,137**	**8,018,270**
At 31 December 2018	**15,120,000**	**15,696,634**	**288,067**	**246,266**	**148,296**	**153,516**	**5,548**	**15,403**	**194,871**	**87,048**	**31,955,649**

(b) **Revaluation of Property, plant and equipment**

During the year, the Company carried out a revaluation of its leasehold land and building asset category of property, plant and equipment. The Company engaged an independent valuer Jide Taiwo & Co. (FRC/2012/0000000000254) to carry out the revaluation. The effective date of the revaluation was 3 October 2018. As at this date, the net book value of the land and building amounted to ₦6.6 billion and the revalued amount amounted to ₦30.9 billion. Consequently, a revaluation surplus of ₦24.3 billion was recognised during the year. This has been recognised in the other comprehensive income for the year and is not available for distribution to the shareholders of the Company. Had the Company not carried out a revaluation, the carrying amount of the leasehold land and building would have been ₦101.4 million and ₦6.5 billion respectively.

(c) There was no property, plant and equipment that was pledged as security for borrowings as at year end (31 December 2017: Nil).

(d) Information on capital expenditure commitment is presented in Note 22 of the financial statements.

(e) **PPE additions in statement of cash flows**

	31 December 2018	31 December 2017
	₦'000	₦'000
Additions (Note 11(a))	258,875	258,308
Accrued additions to PPE (Note 20(b))	(21,369)	(5,202)
PPE additions in statement of cash flows	237,506	253,106

(f) **Capital work in progress**

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

	31 December 2018	31 December 2017
	₦'000	₦'000
Buildings	24,877	36,162
Infrastructure	18,402	17,383
Plant and machinery	125,297	142,169
Casino equipment	3,052	5,663
Motor vehicles	362	-
Furniture and fittings	623	277
Hotel and office equipment	48,361	24,727
Property, plant and equipment	220,974	226,381
Intangible assets (Note 12)	972	7,739
	221,946	234,120

(g) During the year, the Company reassessed the remaining useful lives of its property, plant and equipment. No changes were considered necessary.

12. Intangible assets

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

	31 December 2018	31 December 2017
	₦'000	₦'000
Cost		
Balance at the beginning of the year/period	77,822	70,083
Additions	972	7,739
Disposals	(57,457)	-
Balance at the end of the year/period	21,337	77,822
Amortisation		
Balance at the beginning of the year/period	66,027	59,474
Amortisation	4,700	6,553
Disposals	(57,457)	-
Balance at the end of the year/period	13,270	66,027
Carrying amounts		
Balance at the beginning of the year/period	11,795	10,609
Balance at the end of the year/period	8,067	11,795

13. Tax assets

Tax assets comprises withholding tax credit notes as the Company has unutilised tax losses and capital allowances which are not expected to be utilised in the next 12 months.

14. Inventories

	31 December 2018	31 December 2017
	₦'000	₦'000
Consumables and hotel stock	111,101	113,463
	111,101	113,463

The value of food and beverage consumables included in consumables and services as cost of sale amounted to ₦253.1 million (2017: ₦378.1 million).

15. Trade and other receivables

	31 December 2018	31 December 2017
	₦'000	₦'000
Financial instruments		
Trade receivables	231,955	225,851
Less: impairment (Note 26(b))	(104,204)	(93,584)
Net trade receivables	127,751	132,267
Credit card receivables	30,220	30,660
Fixed deposit investments (Note 15(c))	826,470	-
Non-financial instruments		
Advance payment to suppliers	21,096	37,078
Other receivables	72,342	42,478
	1,077,879	242,483

Included in the carrying amount of trade receivables are amounts due from related parties (refer Note 24(b)(iii)).

The carrying values of trade and other receivables approximate their fair value as at the reporting date.

The Company has recognised an allowance of ₦104.2 million (2017: ₦93.6 million) for the impairment of its trade receivables during the year ended 31 December 2018. The creation and usage of the allowance for impaired receivables has been included in 'Property and administrative costs' in the statement of profit or loss and other comprehensive income. Other receivables are expected to be fully recoverable. The trade receivables which are fully performing and past due but not impaired relate to customers that have a good track record with the Company in terms of recoverability.

	31 December 2018	31 December 2017
(b) Trade and other receivables in statement of cash flows	₦'000	₦'000
Trade and other receivables movement	(835,396)	(169,847)
Impact of adjustment on initial application of IFRS 9	(41,381)	-
Trade and other receivables in statement of cash flows	(876,777)	(169,847)

(c) The fixed deposit investments represent funds placed with the Company's banker for a deposit tenor of 180 days.

16. Prepayments

	31 December 2018	31 December 2017
	₦'000	₦'000
Licenses prepayments	7,500	23,663
General prepayments - subscription and maintenance fees	19,927	22,960
Service contracts prepayments	1,122	5,018
	28,549	51,641

17. Share capital and premium

(a) Share Capital

(i) Authorised ordinary shares of 50Kobo each

	31 December 2018	31 December 2017
	₦'000	₦'000
Balance at the beginning of the year/period	2,000,000	2,000,000
Balance at the end of the year/period	2,000,000	2,000,000

4,000,000,000 ordinary shares of 50 Kobo each at 31 December 2018 (2017: 4,000,000,000).

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

	31 December 2018	31 December 2017
	₦'000	₦'000
Balance at the beginning of the year/period	1,123,220	1,123,220
Balance at the end of the year/period	1,123,220	1,123,220

2,246,437,472 ordinary shares of 50 Kobo each at 31 December 2018 (2017: 2,246,437,472).
All issued shares are fully paid.

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

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

	31 December 2018	31 December 2017
	₦'000	₦'000
(b) Share Premium	4,132,763	4,132,763

(c) Revaluation reserve
The revaluation reserve relates to the revaluation surplus arising from the revaluation of the leasehold land and building included in the Company's property, plant and equipment, which is as follows:

	31 December 2018	31 December 2017
	₦'000	₦'000
Revaluation reserve (Note 11(b))	24,314,282	-

18. Borrowings

	31 December 2018	31 December 2017
	₦'000	₦'000
(a) Non-current		
Term facilities (unsecured)	19,702,899	18,767,128
Total borrowings	19,702,899	18,767,128

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

	US$'000	₦'000	₦'000
	31 December 2018	31 December 2018	31 December 2017
Non-current, unsecured			
Shareholders:			
Ikeja Hotel Plc			
At beginning of the year/period	20,128	6,148,963	5,306,468
Interest capitalised	1,028	314,261	449,194
Exchange difference	-	20,948	438,219
Related tax on interest	(103)	(31,427)	(44,918)
At end of year/period	21,053	6,452,745	6,148,963
Sun International Limited			
At beginning of the year/period	21,548	6,582,845	5,672,366
Interest capitalised	1,101	336,620	479,719
Exchange difference	-	22,448	466,739
Related tax on interest	(83)	(25,247)	(35,979)
At end of year/period	22,566	6,916,666	6,582,845
Total shareholders	43,619	13,369,411	12,731,808
Other:			
Omamo Investment Corporation			
At beginning of the year/period	19,756	6,035,320	5,208,251
Interest capitalised	1,009	308,453	440,937
Exchange difference	-	20,561	430,226
Related tax on interest	(101)	(30,846)	(44,094)
At end of year/period	20,664	6,333,488	6,035,320
	64,283	19,702,899	18,767,128

The interest rate of 5% (2017: 5%) has been set on the Company's fixed borrowings. Of these fixed borrowings 100% (2017: 100%) were for periods longer than 12 months. The Company had no unutilised borrowing facilities at 31 December 2018 (2017: Nil).

Terms of the above loans:

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

In terms of its articles of association, the directors, on behalf of the Company are empowered to borrow or obtain loans in the ordinary course of business and in the overall best interest of the Company subject to the approval of shareholders for a foreign loan.

The loan from Omamo Investment Corporation is currently the subject to a legal dispute (Note 29).

19. Deferred tax

Unrecognised deferred tax assets

The Company has a net deferred tax asset amounting to ₦4 billion as at 31 December 2018 (2017: ₦3.6 billion), arising mainly from unutilised capital allowances and tax losses that may be available for offset against future taxable income. The Company did not recognise the deferred tax asset due to uncertainties relating to the timing of the amount and reversal of these differences.

20. Trade and other payables

	31 December 2018	31 December 2017
(a) Trade and other payables	₦'000	₦'000
Financial instruments		
Trade payables	107,620	94,478
Other payables	693,361	624,997
Amount due to related parties (Note 24(b)(i)&(ii))	190,598	55,601
Accrued expenses	465,988	309,243
Casino loyalty programme liability	26,467	21,607
	1,484,034	1,105,926
Non-financial instruments		
Employee related accruals	95,826	132,903
Pension payable (Note 6(c))	4,304	4,119
Deposits received	14,617	12,089
Other payables *	99,438	89,510
	1,698,219	1,344,547

* Other payables comprise non income tax liabilities such as withholding tax, consumption tax and VAT.

(b) Trade and other payables in statement of cash flows	31 December 2018	31 December 2017
	₦'000	₦'000
Trade and other payables movement	353,672	(272)
Value Added Tax (VAT) paid	(77,858)	(90,428)
Realised exchange differences	(119,084)	(109,744)
Accrued additions to PPE (Note 11(e))	21,369	5,202
Related tax on shareholder loans	87,520	124,991
Trade and other payables in statement of cash flows	265,619	(70,251)

21. Cash and cash equivalents

Cash and cash equivalents consist of:	31 December 2018	31 December 2017
	₦'000	₦'000
Cash at bank	775,510	1,337,418
Cash on hand	24,386	26,327
Cash and cash equivalents in the statement of cash flows	799,896	1,363,745

22. Capital expenditure commitments

	31 December 2018	31 December 2017
	₦'000	₦'000
Capital commitments		
Contracted	9,396	53,025
Authorised by the board of directors but not contracted	1,375,598	1,162,061
	1,384,994	1,215,086
To be spent in the forthcoming financial year	218,210	224,139
To be spent thereafter	1,166,784	990,947
	1,384,994	1,215,086

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

23. Management and support fees

(a) Operating services agreement

The Company has an agreement with Sun International (South Africa) Limited (a subsidiary of Sun International Limited) until 30 September 2022 to manage the Company's business. The agreement was approved by the National Office for Technology Acquisition and Promotion (NOTAP) on 17 December 2018 with certificate number CR006767. In terms of this agreement, the Company was obligated to pay the following annual fees to Sun International (South Africa) Limited:

-Basic fee
A basic fee equal to 3% per annum of the net sales of the Company. This is exclusive of any taxes and is denominated and payable in Naira.

-Incentive fee
An incentive fee of 8% per annum of the gross operating profit of the Company. This fee is exclusive of any taxes and is denominated and payable in Naira.

However, included in the management fees for 2018 is the VAT charge on the fees.

The Company previously had an agreement with Sun International Management Limited (a subsidiary of Sun International Limited) until 30 September 2017 to manage the Company's business. The agreement with certificate number CR004719 was approved by the NOTAP on 19 May 2009 and expired on 30 September 2017. The terms of the agreement were a basic fee equal to 3% per annum of the gross revenue of the Company and an incentive fee of 10% per annum of the adjusted net profit of the Company. Both fees are exclusive of any taxes and are denominated and payable in Naira.

(b) Support services agreement

The Company had an agreement with Ikeja Hotel Plc to provide support services to the Company until 30 September 2017 when it was terminated. In terms of this agreement, the Company was obligated to pay the following annual fees to Ikeja Hotel Plc:

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

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

(c) Management and support fees

(based on the structure above)	31 December 2018	31 December 2017
	₦'000	₦'000
Sun International (South Africa) Limited		
Basic fees	32,691	-
Incentive fees	15,855	-
Sun International Management Limited		
Basic fees	159,764	124,206
Incentive fees	36,168	(6,510)
Ikeja Hotel Plc		
Basic fees	-	18,631
Incentive fees	-	386
	244,478	**136,713**

24. Related parties

(a) Parent and ultimate holding company

The Company is a subsidiary of Sun International Limited incorporated in South Africa. Sun International Limited held 49.3% of the issued and fully paid share capital of the Company as at 31 December 2018 (2017: 49.3%).

(b) Related party transactions

The transaction values and balances with related parties below exclude borrowings, the values of which are disclosed in Note 18.

	Value of goods and services supplied (to)/from the Company		Amount due (to)/from the Company	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	₦'000	₦'000	₦'000	₦'000
(i) Accounts payable				
Sun International Management Limited Is a subsidiary of Sun International Limited, which is a shareholder in the Company. It had an operating service agreement with the Company.	(214,573)	(257,941)	(124,068)	(715)
Sun International (South Africa) Limited Is a subsidiary of Sun International Limited, which is a shareholder in the Company.	(57,470)	-	(57,734)	-
Ikeja Hotel Plc Is a shareholder in the Company and was previously controlled by Goodie M. Ibru, OON, the former Chairman of the Company. It had a support service agreement with the Company (Note 23(b)).	-	(19,017)	-	(13,165)
(ii) Other related party transactions include:				
AVI Services Limited Mr. Ufuoma Ibru is director at the Company. The Company provides a staff transport service to the Company. He also operates a car hire business at the hotel.	(93,214)	(139,701)		-
GM Ibru & Co Is a firm of attorneys controlled by Goodie M. Ibru, OON, the former Chairman of the Company. It provides legal services to the Company and rents offices from the Company. Mr Ufuoma Ibru, a director of the Company, is also a partner with GM Ibru & Co.	(19,575)	(26,219)	(6,066)	(15,872)

Punuka Nominees Limited Is controlled by a director and the Acting Chairman of the Company. It provides company secretarial services to the Company.	(5,250)	-	(2,625)	-
IHL Services Limited This Company was previously controlled by Goodie M. Ibru, OON, the former Chairman of the Company. It provided company secretarial services to the Company.	25,821	2,438	-	(25,821)
Lady Maiden Ibru Lady Ibru is the wife of the late Dr Alex Ibru, a former director with an indirect shareholding in the Company. Lady Ibru rents retail premises from the Company, for which no rental has been charged.	-	-	-	-
Guardian Press Limited The Guardian Press Limited is controlled by Lady Maiden Ibru. The Company purchases newspapers from The Guardian Press Limited. Dr. Alexander A Thomopulos is also a director at Guardian Press Limited.	(331)	(657)	(55)	(28)
Estate of Late Dr Alex Ibru A former director and indirect shareholder in the Company. The estate rents the hotel penthouse premises from the Company, which is currently the subject of a legal dispute. No rental has been charged.	-	-	-	-
Guy Saries Limited This Company is controlled by Goodie M. Ibru, the former Chairman of the Company. It provides media agency to facilitate regulatory announcements on behalf of the Company.	(50)	(3,053)	(50)	-
	(364,642)	(444,150)	(190,598)	(55,601)
(iii) Accounts receivable (For hospitality services provided)				
Ikeja Hotel Plc *	154	16,619	4,247	17,259
	154	16,619	4,247	17,259

* The receivable from Ikeja Hotels from hospitality has been recorded as trade receivables

(c) Transactions with key management personnel

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

Key management personnel compensation

Key management personnel compensation comprised:	31 December 2018	31 December 2017
	₦'000	₦'000
Short-term employee benefits	270,006	390,185
Post-employment benefit	25,974	41,125
	295,980	431,310

25. Segment information

The Company has two reportable segments, as described below.

Gaming:
This includes the provision of tables and slots gaming facilities.

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

Unallocated Costs represents support services to the above segments, and includes finance and administration, human resources, information technology, security and other property related services.

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

	Gaming		Hospitality		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue								
Total revenue for reportable segments	1,390,500	1,996,296	2,343,646	3,112,074	-	-	3,734,146	5,108,370
Elimination of inter-segment revenue *	-	-	(127,540)	(201,395)	-	-	(127,540)	(201,395)
Reportable segment revenue	1,390,500	1,996,296	2,216,106	2,910,679	-	-	3,606,606	4,906,975
Profit before tax								
Reportable segment revenue	1,390,500	1,996,296	2,216,106	2,910,679	-	-	3,606,606	4,906,975
Expenses	(594,878)	(839,648)	(781,687)	(1,145,581)	(2,086,850)	(2,926,685)	(3,463,415)	(4,911,914)
Elimination of inter-segment expenses	127,540	201,395	-	-	-	-	127,540	201,395
Depreciation and amortisation	-	-	-	-	(577,578)	(810,749)	(577,578)	(810,749)
Net finance costs	-	-	-	-	(1,072,537)	(2,603,939)	(1,072,537)	(2,603,939)
Profit/(Loss) before tax	923,162	1,358,043	1,434,419	1,765,098	(3,736,965)	(6,341,373)	(1,379,384)	(3,218,232)
Reportable segment assets					34,090,839	9,907,879	34,090,839	9,907,879
Reportable segment liabilities					21,401,118	20,111,675	21,401,118	20,111,675

Major customer

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

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

26. Financial risk management and fair values

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

- Liquidity risk
- Credit risk
- Market risk
- Capital management risk

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board has established the finance and risk management committee, which is responsible for developing and monitoring the Company’s risk management policies. The finance and risk committee reports regularly to the board of directors on its activities.

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

The Company's audit committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes the reviews of risk management controls and procedures, the results of which are reported to both senior management and the audit committee.

(a) Liquidity risk

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

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

	Carrying Amount	Contractual cashflows	On demand or not exceeding 6 months	More than 6 months but not exceeding 1 year	More than 1 year but not exceeding 2 years	More than 2 years but not exceeding 5 years	More than 5 years
31 December 2018	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial liabilities							
Borrowings	19,702,899	19,702,899	-	-	-	-	19,702,899
Trade payables	107,620	107,620	107,620		-	-	-
Other payables	693,361	693,361	693,361	-	-	-	-
Amounts due to related parties	190,598	190,598	190,598	-	-	-	-
Accrued expenses	465,988	465,988	465,988	-	-	-	-
Casino loyalty programme	26,467	26,467	26,467	-	-	-	-
	21,186,933	21,186,933	1,484,034	-	-	-	19,702,899
31 December 2017							
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial liabilities							
Borrowings	18,767,128	18,767,128	-	-	-	-	18,767,128
Trade payables	94,478	94,478	94,478		-	-	-
Other payables	624,997	624,997	624,997		-	-	-
Amounts due to related parties	55,601	55,601	55,601	-	-	-	-
Accrued expenses	309,243	309,243	309,243	-	-	-	-
Casino loyalty programme	21,607	21,607	21,607	-	-	-	-
	19,873,054	19,873,054	1,105,926	-	-	-	18,767,128

(b) Credit risk

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

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

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

Exposure to credit risk

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

	Carrying amount	
	31 December 2018	31 December 2017
	₦'000	₦'000
Trade receivables (Note 15)	127,751	132,267
Cash and bank balances (Note 21)	775,510	1,337,418
	903,261	1,469,685

The Company's most significant customer accounts for ₦24 million of the trade and receivables carrying amount at 31 December 2018 (2017: ₦36 million).

The aging of trade receivables at the reporting date was:

	Gross	Impairment	Gross	Impairment
	31 December 2018	31 December 2018	31 December 2017	31 December 2017
	₦'000	₦'000	₦'000	₦'000
Not past due	5,689	-	46,217	-
Past due by 1 to 30 days	75,016	-	42,951	-
Past due by 31 to 60 days	15,478	-	20,967	-
Past due by 61 to 90 days	8,252	-	4,083	-
Past due by more than 91 days	104,703	(104,204)	111,633	(93,584)
	209,138	(104,204)	225,851	(93,584)

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

	31 December 2018	31 December 2017
	₦'000	₦'000
Balance at beginning of the year/period	93,584	92,128
Impact of transitioning to IFRS 9	41,381	-
Balance after transition	134,965	92,128
Impairment (write back)/ loss recognised	(30,761)	1,456
Balance at the end of the year/period	104,204	93,584

The impairment loss as at 31 December 2018 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts past due are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit ratings. The impairment loss is included in property and administrative cost in the statement of comprehensive income.

(c) Market risk

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

I. Foreign currency risk

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

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

Exposure to currency risk

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

	31 December 2018	31 December 2017
	'000	'000
Financial assets		
US Dollar ($)	3,811	3,608
Euro (€)	41	103
Pound Sterling (£)	19	20
South African Rand (R)	4	54
Financial liabilities		
US Dollar ($)	64,284	61,694
South African Rand (R)	6,979	-

The following significant exchange rates applied during the year:

	31 December 2018		31 December 2017	
	Spot	Average	Spot	Average
US Dollar ($) 1	306.50	305.58	305.50	304.32
Euro (€) 1	350.76	361.06	366.26	341.47
Pound Sterling (£) 1	391.37	408.19	412.97	393.02
South African Rand (R) 1	25.19	27.28	28.83	23.75

Foreign currency sensitivity

A 10% weakening in the Naira against the above foreign currency assets and liabilities at 31 December 2018 would decrease equity and increase the loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis as at 31 December 2017:

	31 December 2018	31 December 2017
	₦'000	₦'000
Decrease in equity	1,868,883	1,767,134
Increase in loss before tax	1,868,883	1,767,134

A 10% strengthening in the Naira against the above foreign currency assets and liabilities at 31 December 2018 would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

II. Cash flow interest rate risk

The Company does not have financial instruments with variable interest rates.

(d) Capital management risk

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

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

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

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

The Company is not subject to externally imposed capital requirements.

Gearing

The gearing ratios were as follows:

	31 December 2018	31 December 2017
	₦'000	₦'000
Total borrowings (Note 18)	19,702,899	18,767,128
Less cash and cash equivalents (Note 21)	(799,896)	(1,363,745)
Net debt	18,903,003	17,403,383
Total equity	12,689,721	(10,203,796)
Total capital	31,592,724	7,199,587
Net debt to equity ratio	149%	-171%

(e) Fair values

(i) *Accounting classification and fair values*

Trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables are the Company's financial instruments.

(ii) *Measurement of fair values: Valuation techniques and significant unobservable inputs*

The fair value of the Company's financial assets and liabilities are categorised as Level 3 at 31 December 2018 with the exception of its revalued property, plant and equipment, which are categorised as Level 2. The reason is that the future cashflows of the financial instruments are based on contractual amounts as there are no recent observable arm's length transactions in the market while the revalued property, plant and equipment are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The fair values of financial assets and liabilities are not significantly different from the carrying amounts shown in the statement of financial position due to the immaterial impact of discounting. The fair values were determined on the same basis in the prior year and there have been no transfer between level during the financial reporting period.

The table below shows the valuation techniques used in measuring fair values as well as the valuation variables used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Leasehold land and building	The valuation has been done using the Cost Approach. This provides an indication of the value using the economic principle that a buyer will pay no more for an asset than what it will cost him/her to own an equivalent asset of equal utility, whether by purchase or by construction. Thus the total construction cost of a new one is achieved through the application of a current construction cost rate to the gross floor area including other associated cost which is then depreciated to re-elect present physical condition, functional and economic obsolescence on the property before adding the value of the bare site as at the date of valuation.	– Adjusted cost of construction per floor area ₦464,579.2 per square meter (2017: Nil). – Adjusted forced sale cost of construction per floor area ₦325,206.2 per square meter (2017: Nil).	The estimated fair value will increase (decrease) if: – estimated adjusted cost of constuction per square meter was higher (lower). – estimated adjusted forced sale cost of construction per square meter was higher (lower).

27. Contingencies

The Company is subject to various pending litigations and claims arising in the normal course of business. The contingent liabilities in respect of these pending litigation and claims amounted to ₦1.1 billion as at 31 December 2018 (2017: ₦1.4 billion). In addition, the Company is currently undergoing tax regulatory reviews with respect to the financial statements of the financial years 2009 to 2015. As at the date of this report, the amount of the obligation with respect to the regulatory review has not been disclosed because the amount cannot be measured with sufficient reliability. In the opinion of the directors, no material loss is expected to arise from these claims and audits. Therefore, no provision for any loss arising has been made in the financial statements.

28. Events after reporting date

There were no events after the reporting date that could have had a material effect on the financial statements of the Company that have not been provided for or disclosed in these financial statements.

29. Shareholder dispute litigation

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

(a) On 23 September 2011, Omamo Investment Corporation (“Omamo”), instituted a winding up petition against the Company, on grounds that it believed that the Company was insolvent and that the Company had refused to repay its loan when Omamo demanded repayment. This petition was dismissed by the Federal High Court. As at 31 December 2018, the total loan balance payable to Omamo was ₦6.3 billion (31 December 2017: ₦6.0 billion). Based on the formal agreements duly executed by all the loan creditors (refer note 18), the loans are repayable at the discretion of the board of directors, taking into account availability of funds and working capital requirements of the Company provided specific EBITDA targets have been met. Accordingly, none of the loans were due for repayment as at 31 December 2018.

(b) On 21 May 2012, Omamo Investment Corporation served a notice of demand on the Company, seeking repayment of its loan. In response thereto on 8 June 2012, the Company applied to the Federal High Court seeking an enforcement order of the terms of its agreement with Omamo as well as a shareholder in the Company and related party to Omamo namely Oma Investments Limited ("Oma"). With respect to the latter action, the court delivered judgement on 3 October 2013, in which it declined to grant the Company's application for an enforcement order. The Company's Solicitors are currently engaged in the appeal against this decision. The Appeal Court granted an amended notice to appeal, and the appeal stands adjourned to 20 November 2017, 16 April 2018 and subsequently adjourned further to 25 March 2019 for hearing of pending applications.

(c) On 30 October 2012, Omamo and Oma filed a subsequent action against the Company, challenging (inter alia) further aspects of the agreements to which they are signatories. On 12 November 2013, the matter came up for hearing at the trial court where a motion for an injunction restraining Oma from making a further demand for repayment was declined. The Company's solicitors have proceeded to file a similar motion with the Court of Appeal. Until the motion of appeal is heard, Oma is effectively restrained from taking further action. As at the date of this financial statement, the court had not yet decided on this action.

(d) On 30 October 2012, in a separate suit, Oma Investment Ltd petitioned the Federal High Court challenging the legality of the hotel management agreement currently in place for the management of The Tourist Company of Nigeria Plc (TCN). TCN has raised a preliminary objection. On 30 January 2014, the Court dismissed the preliminary objection. Subsequently, TCN’s solicitors have filed a motion for stay of proceedings transmitted to the Court of Appeal. On 3 July 2014 the Federal High Court adjourned the matter sine die (indefinitely) until the matter before the Court of Appeal has been determined. The Court of Appeal adjourned the matter to 22 September 2016. At the next adjourned date, 16 February 2017, the matter was adjourned to 2 July 2019 for hearing of the Appeal. The Economic and Financial Crimes Commission (EFCC) commenced its investigation into the case three years ago. In the current year, no report has been issued as at the date of the finalisation of these financial statements.

(e) The Securities and Exchange Commission (SEC) engaged the firm of Deloitte & Touche to perform a forensic audit on the Company with a specific focus on the Sun International acquisition of TCN shares as well as "Ikeja Hotel Group" investment in TCN. The forensic audit has been submitted and is currently under consideration by SEC. However, the board is awaiting the report findings from the SEC.

The directors are confident that judgment will be delivered in the Company's favour, and that the above matters will not materialise into a loss for the Tourist Company of Nigeria Plc (TCN).

30. Going concern

The Company has been making losses historically and has an accumulated loss of ₦16.9 billion (2017: ₦15.5 billion). In current year, the Company incurred losses after taxation amounting to ₦1.4 billion (period ended 31 December 2017: ₦3.2 billion).

As noted in Note 29 (d & e), the Company is involved in a lawsuit in which Oma Investment Ltd, a shareholder petitioned the Federal High Court challenging the legality of the Company's operating management agreement currently in place for the management of TCN. The uncertainty inherent in the outcome of the case could have a significant impact on the future operations and management of the Company. This case remains adjourned without assignment of a date for hearing. The Economic and Financial Crimes Commission (EFCC) has since commenced investigation into the matter, but no report has been issued as at the date of approving these financial statements. In addition, the report from the forensic audit carried out by the firm of Deloitte & Touche is currently under consideration by the SEC and is yet to be received by the Company as at the time of approving the financial statements.

Furthermore, the majority shareholder of the Company, Sun International Limited (SIL) has expressed its intention to ultimately divest from the Company and exit Nigeria. Although, the full implications of the planned divestment by Sun International on the business are yet to be fully determined, it is expected to impact on the sustained operations of the business. Meanwhile, the Company continues to trade as normal.

The uncertain outcome of the pending litigation and the intention of the majority shareholder to divest from the Company indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern should these events transpire.

The directors have estimated income and cash flow projections based on assumptions that represent the directors' best estimates of economic conditions in the short to medium term and they have a reasonable expectation that the Company will continue to trade into the years ahead.

The Company's operating management agreement with Sun International (South Africa) Limited (SISA), a subsidiary of Sun International Limited is valid for a period effective from 1 October 2017 to 30 September 2022. The directors expect that SISA will continue to fulfill its obligations as contained in the operating management agreement.

Based on the foregoing, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

OTHER NATIONAL DISCLOSURES

Other national disclosures
Value added statement
For the year/period ended

	31 December 2018		31 December 2017	
	₦'000	%	₦'000	%
Revenue	3,606,606		4,906,975	
Bought-in materials and services:				
Amount paid to suppliers	(1,980,656)		(2,859,037)	
Management and support fees	(244,478)		(136,713)	
	(2,225,134)		(2,995,750)	
Finance income	5,018		1,472	
Valued added	1,386,490	100	1,912,697	100
Distribution of value added:				
To government:				
Taxation	-	-	-	-
To employees:				
Salaries, wages and fringe benefits	1,110,741	80	1,714,769	90
To providers of finance:				
Finance costs	1,077,555	78	2,605,411	136
Retained in the business:				
For replacement of property, plant and equipment	572,878	41	804,196	42
For replacement of intangible assets	4,700	-	6,553	-
To deplete reserves	(1,379,384)	(99)	(3,218,232)	(168)
Valued added	1,386,490	100	1,912,697	100

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

Other national disclosures
Financial summary

Statement of financial position

	31 December 2018	31 December 2017	30 June 2016	30 June 2015	30 June 2014
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Non-current assets	32,073,414	8,136,547	8,740,461	9,010,340	9,414,139
Current assets	2,017,425	1,771,332	1,805,879	1,375,885	1,183,749
Total Assets	34,090,839	9,907,879	10,546,340	10,386,225	10,597,888
Equity and liabilities					
Capital and reserves	12,689,721	(10,203,796)	(6,985,564)	(1,438,473)	1,203,853
Non-current liabilities	19,702,899	18,767,128	16,187,085	10,853,215	8,158,540
Current liabilities	1,698,219	1,344,547	1,344,819	971,483	1,235,495
Total equity and liabilities	34,090,839	9,907,879	10,546,340	10,386,225	10,597,888

Statement of comprehensive income

	31 December 2018	31 December 2017	30 June 2016	30 June 2015	30 June 2014
Revenue	3,606,606	4,906,975	2,891,445	3,209,322	3,386,066
Loss before taxation	(1,379,384)	(3,218,232)	(5,547,091)	(2,642,326)	(602,547)
Taxation	-	-	-	-	-
(Loss)/profit after tax	(1,379,384)	(3,218,232)	(5,547,091)	(2,642,326)	(602,547)
Per share data					
(Loss)/earnings per ordinary share (Kobo)	(61)	(143)	(247)	(118)	(27)
Net assets per ordinary share (Kobo)	565	(454)	(311)	(64)	54

NOTES

NOTES

PROXY FORM

THE TOURIST COMPANY OF NIGERIA PLC
(Trading as the Federal Palace Hotel & Casino, Victoria Island, Lagos)

54th ANNUAL GENERAL MEETING to be held at the Federal Palace Hotel & Casino, 6-8 Ahmadu Bello way, Victoria Island, Lagos Thursday, the 18th of July 2019 at 10:00 am

I/We

Being a shareholder of **THE TOURIST COMPANY OF NIGERIA PLC**, hereby appoint:

Or failing him/her, the Chairman of the meeting as my/our proxy at the Annual General Meeting to be held on 18th July 2019, at 10.00am and any adjournment thereof.

Dated this ____________________ day of ________________________, 2019

NUMBER OF SHARES		
RESOLUTIONS	FOR	AGAINST
Ordinary Business		
To receive the Audited Financial Statements for the year ended December 31, 2018, and the Reports of the Directors, Auditors and Statutory Audit Committee thereon.		
To retire and re-appoint the following Directors: i. Mr. Norman Basthdaw ii. Mr. Abatcha Bulama iii. Mr. Ufuoma Ibru		
To authorize the Directors to fix the remuneration of the External Auditors		
To elect the members of the Statutory Audit Committee.		
SPECIAL BUSINESS		
To approve the remuneration of the Directors.		
That Shareholders of the Company approve related parties' transaction which are recurrent and necessary for the day to day operations of the company for the year ended 31st December 2018.		
That Shareholders approve and grant a general mandate to the Board of Directors to engage in transactions with related parties as subsequently would be required for the proper running and day to day operations of the Company.		

Please mark the appropriate box with an 'x' to indicate how you wish your votes to be cast on the resolutions set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

Cut here

Signature of Shareholder

Name of Shareholder

ADMISSION CARD

Please admit ……………………………………………………………………. to the 54th Annual General Meeting of the Tourist Company of Nigeria Plc, which will take place at the Federal Palace Hotel & Casino, 6-8 Ahmadu Bello way, Victoria Island, Lagos Thursday, the 18th of July 2019 at 10:00 am.

Name of Shareholder (in BLOCK LETTERS)

(Surname) (First name)

(Address)

____
(Signature of person attending)

2018