

**LEARN AFRICA PLC**  
**Lagos, Nigeria**  
**REPORT OF THE DIRECTORS**  
**AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**LEARN AFRICA PLC**  
**REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**LEARN AFRICA PLC****DIRECTORS AND OTHER CORPORATE ADVISERS****FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>BOARD OF DIRECTORS</b>	Chief Emeke Iwerebon Mr. Jacob Olusegun Oladipo Mr. Hassan Bala Mr. Gbola Aiyedun Mrs. Cordelia Ojeile Alhaji Awwalu M. Makarfi Mr. Frederick E. Ijewere Hajia Binta Bakari Mrs. Yetunde Aina	Chairman Managing Director, Resigned 31 Mar. 2016 Acting Managing Director, Appointed 1 Apr. 2016 Publishing Director Finance Director Independent Director Non-Executive Director Non-Executive Director Non-Executive Director
<b>SECRETARIES</b>	Deloitte Corporate Services Limited (Corporate Secretaries) Civic Towers Ozumba Mbadiwe Avenue, Lagos. Tel: +234-1-2717800, Website: <a href="http://www.deloitte.com.ng">www.deloitte.com.ng</a>	
<b>REGISTERED OFFICE</b>	52 Oba Akran Avenue, Ikeja, Lagos	
<b>REGISTERED NUMBER</b>	RC2637	
<b>AUDITORS</b>	Ernst & Young (Chartered Accountants) UBA House 10th & 13th Floors 57 Marina Lagos, Nigeria	
<b>REGISTRARS</b>	First Registrars Nigeria Limited Plot 2 Abebe Village Road, Iganmu P.M.B 12692, Lagos	
<b>SOLICITORS</b>	Citi Point Chambers (Legal Practitioners) 11, IPM Avenue Alausa, Lagos	
<b>BANKERS</b>	First Bank of Nigeria Limited Ikeja Industrial Estate Branch Oba Akran Avenue, Ikeja, Lagos  Zenith Bank Plc Medical Road Branch 8, Simbiat Abiola Way Ikeja, Lagos  United Bank for Africa Plc Oba Akran Avenue Branch Ikeja, Lagos	
<b>INVESTMENT ADVISER</b>	Apel Asset & Trust Limited 8, Bashorun Street Ikoyi, Lagos	

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
LEARN AFRICA PLC**

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2016.

**Principal activities**

The principal activity of the company is publishing and distribution of educational materials for all levels of learning – Nursery, Primary, Secondary and Tertiary.

There was no change in the principal activities of the Company.

**Results for the Year**

	2016 N'000	2015 N'000
Turnover	2,009,852 =====	1,886,939 =====
Profit/(loss) before taxation	134,314	(618,007)
Income tax credit/(expense)	102,845 -----	(25,385) -----
Profit/(loss) after taxation	237,159 =====	(643,392) =====

**Dividend**

The directors in submitting to the shareholders the financial statements for the year ended 31 December 2016 propose the payment of dividend of 10k per share (2015: Nil).

**Property, plant and equipment**

Information relating to changes in property, plant and equipment during the year is given in Note 8 to the financial statements. In the opinion of the directors, the market value of the company's properties is not less than the value shown in the financial statements.

**Corporate social responsibility**

As an integral part of the Nigerian society playing varied roles as an employer, partner, tax payer and competitor, the Company impacts the society through various means including the Learn Africa Education Development Foundation, a non-profit making organisation committed to the growth and development of schools and education through the provision of educational infrastructure.

**Human resources development**

**Employment of Physically Challenged Persons**

The company continued to maintain its policy of non-discrimination in considering applications for employment and other industrial relations matters.

**Health, safety and welfare of workers**

The company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive. Top health-care providers have been carefully selected to look after the health-care needs of employees and their dependants. We comply with relevant statutory provisions and regulations on health, safety and welfare matters.

**REPORT OF THE DIRECTORS - Continued  
TO THE MEMBERS OF  
LEARN AFRICA PLC**

**Training and development**

Our company has adopted a new training policy that advocates training and re-training for all employees. Our training activities during the year cut across all categories of employees. Also, induction training has been designed to benefit new employees such that it will assist them settle into their roles conveniently. The newly introduced performance management system ensures that good performance is recognized and adequately rewarded while non-performance is appropriately sanctioned. The system is designed to assist employees develop and apply their innate skills and proficiency in the discharge of their assigned duties.

**Auditors**

Ernst & Young, having indicated their willingness, will continue in office pursuant to Section 357 (2) of the Companies and Allied Act, CAP C20 Laws of the Federation of Nigeria, 2004.

**BY ORDER OF THE BOARD**



DCSL Corporate Services Limited  
(Company Secretaries)  
235, Ikorodu Road, Ilupeju, Lagos, Nigeria  
Anne Agbo - FRC/2013/NBA/00000000855  
23 March 2017

**1. Introduction**

These guidelines set out the policy on the sale and purchase of securities in Learn Africa Plc ("LA, the Company") by any of its staff including Directors and Key Management Personnel.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

LA has determined that its Key Management Personnel are defined as:

- (a) Its directors and officers;
- (b) Senior managers and individuals;
- (c) Any other person considered by the Board as Key Management Personnel on the basis that they have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

All staff, including Directors and Key Management Personnel, are encouraged to be long-term holders of the Company's securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist all staff (but more particularly Directors and Key Management Personnel) to avoid conduct known as 'insider trading'.

**2. What types of transactions are covered by this policy?**

This policy applies to both the sale and purchase of any securities of the Company in issue from time to time.

**3. What is insider trading?**

**3.1** Insider trading is the trading of a public Company's stock or other securities (such as bonds or stock options) by individuals with access to material, non-public information about the Company.

**3.2 Prohibition**

Insider trading is a felonious offence. It is an illegal conduct. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) That person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (i.e. information that is 'price sensitive, and
- (b) That person:
  - (i) Buys or sells securities in the Company; or
  - (ii) Procures someone else to buy or sell securities in the Company; or
  - (iii) Passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

**3.3 Examples**

To illustrate the prohibition described above, the following are examples of price sensitive information which, if made available to the market, may be likely to materially affect the price of the Company's securities:

- (a) The Company considering a major acquisition;
- (b) The threat of major litigation against the Company;
- (c) The Company's revenue and profit or loss results materially exceeding (or falling short of) the market's expectations;
- (d) A material change in debt, liquidity or cash flow;
- (e) A significant new development proposal (e.g. new product or technology);
- (f) The grant or loss of a major contract;
- (g) A management or business restructuring proposal;
- (h) A share issue proposal.

Please be aware that this list is not exhaustive.

**3.4 Dealing through third parties**

The insider trading prohibition extends to dealings by individuals through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "**Associates**" in these guidelines)

**3.5 Information however obtained**

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute insider information.

**4. Guidelines for trading in the Company's securities**

**4.1 General rule**

All staff must not, except in exceptional circumstances, deal in securities of the Company during the following "Closed Periods".

- (a) The period from 15 days immediately preceding the announcement to the Nigerian Stock Exchange of the Company's annual results; and 24 hours after the release has been made;
- (b) The period from 15 days immediately preceding the announcement to the Nigerian Stock Exchange of the Company's half year results; and 24 hours after the release has been made;
- (c) The period from 15 days immediately preceding the announcement to the Nigerian Stock Exchange of each of the Company's quarterly results; and 24 hours after the release has been made;
- (d) A period of two trading days before and 24 hours after any other Nigerian Stock Exchange announcement by the Company; and
- (e) Such other periods as the Board may from time to time by notice in writing designate as a closed period – for example, a period commencing when the Company is considering a significant acquisition or disposal under an incomplete proposal and expiring two trading days after details of the final proposal are announced to the Nigerian Stock Exchange or the proposal is abandoned.

**4.2 Discretion of the Board**

The Board may at its discretion vary the rule in clause 4.1 in relation to a particular Closed Period by general announcement to all staff including Directors and/or Key Management Personnel either before or during the Closed Period.

However, if a Director or Key Management Personnel of the Company is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at **any** time.

**4.3 No short-term trading in the Company's securities**

Directors and Key Management Personnel must never engage in short-term trading of the Company's securities.

**4.4 Securities in other companies**

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that the Company is about to sign a major agreement with another listed company, they should not buy securities in either Learn Africa or the other company.

**4.5 Exceptions**

- (a) Subject to clause 4.1 Directors or Key Management Personnel may at any time;
  - (i) Acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
  - (ii) Acquire Company securities under a bonus issue made to all holders of securities of the same class;
  - (iii) Acquire Company securities under a dividend reinvestment plan, or top-up plan that is available to all holders of securities of the same class;
  - (iv) Transfer securities of the Company already held into a superannuation fund or other savings scheme in which the restricted person is a beneficiary;
  - (v) Make an investment in, or trade in units of, a fund or other schemes (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (vi) Where a restricted person is a trustee, trade in the securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
  - (vii) Undertake to accept, or accept, a takeover offer;
  - (viii) Trade under an offer or invitation made to all or most of the security holders, such as rights issue, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
  - (ix) Dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
  - (x) Trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.



**4.6 Notification of period when all staff, directors and/or Key Management Personnel are not permitted to trade**

The Company Secretary will endeavour to personally notify all Directors or Key Management Personnel of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 4.1. All other staff will be notified by the Company Secretary via notice boards which are displayed at all company locations.

**5. Approval and notification requirements**

**5.1 Approval requirements – Directors**

- (a) Any Director wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written or email approval of the Chairman or the Board before doing so.
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities, the Chairman must obtain the prior approval of the Board before doing so.

**5.2 Approval requirements – other staff including Key Management Personnel**

Any member of staff wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Managing Director before doing so.

**5.3 Approval to buy or sell securities**

- (a) All requests to buy or sell securities as referred to in clauses 5.1 and 5.2 above must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- (b) Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale transaction.

**5.4 Notification**

Subsequent to approval obtained in accordance with clauses 5.1 and 5.2, any member of staff who (directly or through his or her Associates) buys, sells, or exercises rights in relation to Company securities **must** notify the Company Secretary in writing of the details of the transaction within two (2) business days of the transaction occurring; this notification obligation **operates at all times**.

**5.5 Sales of securities**

Directors or Key Management Personnel in particular need to be mindful of the market perception associated with any sale of Company securities and possibly the ability of the market to absorb the volume of shares being sold. With this mind, the management of the sale of any significant volume of Company securities (i.e. a volume that would represent a volume in excess of 10% of the total securities held by the seller prior to the sale, or a volume of the shares of the Company on the Nigerian Stock Exchange for the preceding 20 trading days) by a Director or Key Management Personnel needs to be discussed with the Board and the Company's legal advisers prior to the execution of any sale. These discussions need to be documented in the form of a file note, to be retained by the Company Secretary.

**5.6 Exception from Closed Period restrictions due to exceptional circumstance**

Directors or Key Management Personnel who are not in possession of inside information in relation to the Company, may be given prior written clearance by the Chairman (or in the case of the Chairman by the Board) to sell or otherwise dispose of Company securities in a closed period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

**5.7 Severe financial hardship or exceptional circumstances**

The determination of whether staff are in severe financial hardship will be made by the Chairman in the case of Key Management Personnel and/or a Director, and the Board in the case of the Chairman.

**5.8 Financial hardship**

Staff may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of the Company.

In the interests of an expedient and informed determination by the Chairman or Board of Directors, any application for an exemption allowing the sale of Company securities in a Closed Period based on financial hardship must be made in writing stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the person's accountant, bank and other such independent institutions (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

**5.9 Exceptional circumstances**

Exceptional circumstances may apply to the disposal of Company securities by a Director or Key Management Personnel if the Person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company, or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company securities in a Closed Period based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

**6. Nigerian Stock Exchange notification for Directors**

The Nigerian Stock Exchange Listing Rules require the Company to notify the Nigerian Stock Exchange immediately after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the Nigerian Stock Exchange.

**7. Effect of compliance with this policy**

Compliance with these guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

## **LEARN AFRICA PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, issued by International Accounting Standards Board, Financial reporting Council of Nigeria Act no 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit for the year ended 31 December 2016. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.



Chief Emeke Iwerebon  
Chairman  
FRC/2014/IODN/00000002046  
23 March 2017



Alhaji Hassan S. Bala  
Managing Director  
FRC/2016/IODN/00000015071  
23 March 2017

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LEARN AFRICA PLC**

**Report on the audit of financial statements**

***Opinion***

We have audited the accompanying financial statements of Learn Africa Plc which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Learn Africa Plc as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No 6, 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) and other independence requirements applicable to performing audits of Lear Africa. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Learn Africa Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

***Other Information***

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Report of Audit Committee as required by the Companies and Allied Matters Act (CAMA), the Corporate Governance Report as required by the Securities and Exchange Commission, and the Statement of Value Added and Five-Year Financial Summary as required by CAMA and the Financial Reporting Council of Nigeria, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our Auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 on the other information obtained prior to the date of this auditor's report, 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LEARN AFRICA PLC**

**Report on the audit of financial statements - Continued**

***Responsibilities of the Directors for the Financial Statements***

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, relevant provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6 2011, and for such internal control as the Directors determines necessary to enable the preparation of financial statements that are free from material misstatements, 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 judgement and maintain professional scepticism 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.
- 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 the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
LEARN AFRICA PLC**

**Report on the audit of financial statements - Continued**

We communicate with the Directors 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 Directors 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.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

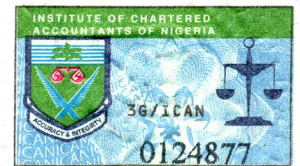
- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Yusuf Aliu, FCA  
FRC/2012/ICAN/00000000138

For: Ernst & Young  
Chartered Accountants  
Lagos, Nigeria

31 March 2017







Learn Africa Plc

**Audit Committee's Report**

For the year ended 31<sup>st</sup> December 2016

**REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF  
LEARN AFRICA PLC**

In compliance with the Provisions of Section 359(6) of the Companies and Allied Matters Act, we report as follows:

- We have ascertained and hereby confirm that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
- The scope and planning of audit requirements for the year ended 31<sup>st</sup> December, 2016 are adequate.
- We are satisfied with the External Auditors' Management Report for the year ended 31<sup>st</sup> December 2016, as well as the response of the Management thereto.

Dated 20<sup>th</sup> March 2017

**MR. FRED IJEWERE**

For: Chairman, Audit Committee  
FRC/2016/ICAN/00000015415

**Members of the Audit Committee**

- |  |   |                        |
|--|---|------------------------|
| 1. Sup. Snr. Evangelist (Dr.) A.O. Omojola | - | Shareholder/Chairman   |
| 2. Mrs Mary Joke Shofolahan                | - | Shareholder            |
| 3. Cdre Victor O. Laseinde (Rtd) Deceased  | - | Shareholder            |
| 4. Alhaji M. Awwalu Makarfi                | - | Non Executive Director |
| 5. Mrs Yetunde Aina                        | - | Non Executive Director |
| 6. Mr. Fred Ijewere                        | - | Non Executive Director |

**LEARN AFRICA PLC****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 K'000	2015 K'000
Revenue	4	2,009,852	1,886,939
Cost of sales	5.3	(1,013,116)	(1,004,090)
Gross profit		996,736	882,849
Other operating Income	5.1	58,217	31,191
Selling and distribution expenses	5.5	(265,290)	(342,261)
Administrative expenses	5.4	(665,722)	(1,214,149)
Operating Profit/(loss)		123,941	(642,370)
Finance income	5.2	10,373	24,363
Profit/(loss) before taxation		134,314	(618,007)
Income tax credit/(expense)	6.1	102,845	(25,385)
Profit/(loss) for the year		237,159	(643,392)
Other Comprehensive Income		-	-
Total comprehensive income for the year net of tax		237,159	(643,392)
Earnings/(loss) per share			
Basic earnings/( loss) per share	7	31	(83)



**LEARN AFRICA PLC**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2016**

	Notes	2016 N'000	2015 N'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	274,931	284,394
Investment property	9	241,500	237,000
Intangible asset	10	9,838	6,416
Deferred tax asset	6.4	119,704	-
Non- current prepayments	11.2	7,507	2,938
		<b>653,480</b>	<b>530,748</b>
<b>Current assets</b>			
Inventories	12	1,823,169	1,565,781
Trade and other receivables	13	1,188,856	905,478
Prepayments	11.2	17,085	23,236
Cash and cash equivalents	14	957,093	560,267
		<b>3,986,203</b>	<b>3,054,762</b>
<b>Total assets</b>		<b>4,639,683</b>	<b>3,585,510</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued share capital	15	385,725	385,725
Share premium	15	1,940,214	1,940,214
Other capital reserve	15	67,703	67,703
Retained earnings		588,387	351,228
<b>Total equity</b>		<b>2,982,029</b>	<b>2,744,870</b>
<b>Current liabilities</b>			
Trade and other payables	17	1,539,185	733,244
Income tax payable	6.2	16,858	25,730
Provisions	18	101,611	81,666
		<b>1,657,654</b>	<b>840,640</b>
<b>Total equity and Liabilities</b>		<b>4,639,683</b>	<b>3,585,510</b>

Approved by the Board on 23 March 2017 and signed on its behalf by:



Chief Emeke Iwerebon  
FRC/2014/IODN/00000002046



Alhaji Hassan Bala  
FRC/2016/IODN/00000015071



Cordelia Ojeile  
FRC/2014/ICAN/00000002038

**LEARN AFRICA PLC**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Issued Capital N'000	Share Premium N'000	Other Capital Reserve N'000	Retained Earnings N'000	Total N'000
As at 1 January 2015	385,725	1,940,214	67,703	1,087,194	3,480,836
Loss for the year	-	-	-	(643,392)	(643,392)
Dividends (Note 16)				(92,574)	(92,574)
At 31 December 2015	<b>385,725</b>	<b>1,940,214</b>	<b>67,703</b>	<b>351,228</b>	<b>2,744,870</b>
As at 1 January 2016	385,725	1,940,214	67,703	351,228	2,744,870
Profit for the year	-	-	-	237,159	237,159
At 31 December 2016	<b>385,725</b>	<b>1,940,214</b>	<b>67,703</b>	<b>588,387</b>	<b>2,982,029</b>

**LEARN AFRICA PLC**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 N'000	2015 N'000
Cash receipts from customers		1,757,010	2,438,407
Payment to suppliers		(921,377)	(1,928,468)
Payments to employees		(370,135)	(409,245)
Income tax paid	6.2	(14,963)	(9,059)
		-----	-----
Net cash flows from operating activities	19	450,535	91,635
		-----	-----
<b>Investing activities</b>			
Interest received	5.2	10,373	24,363
Proceeds from sale of property, plant and equipment		5,953	25,050
Purchase of property, plant and equipment	8	(64,646)	(41,546)
Purchase of intangible assets	10	(5,389)	-
		-----	-----
Net cash flows from investing activities		(53,709)	7,867
		-----	-----
<b>Financing activities</b>			
Dividend paid	16	-	(92,574)
		-----	-----
Net cash flows used in financing activities		-	(92,574)
		-----	-----
Net increase in cash and cash equivalents		396,826	6,928
Cash and cash equivalents at 1 January		560,267	553,339
		-----	-----
Cash and cash equivalents at 31 December	14	957,093	560,267
		-----	-----

**LEARN AFRICA PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Corporate information**

Learn Africa Plc is a Public limited liability company incorporated and domiciled in Nigeria whose shares are publicly traded. The registered office is located at 52, Oba Akran Avenue, Ikeja, Lagos in Nigeria.

The principal activities of the company are publishing and distribution of educational materials for all levels of learning – Nursery, Primary, Secondary and Tertiary.

**2.1 Basis of preparation**

**2.1.1 Statement of Compliance**

The financial statements of Learn Africa Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011.

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

The financial statements have been prepared on a historical cost basis, except for investment properties, of which have been measured at fair value.

**2.1.2 Functional currency, presentation currency and the level of rounding**

These financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to nearest thousand (₦'000) except where otherwise indicated.

**2.1.3 Significant accounting judgement, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of assumption, estimation, uncertainties and critical judgements in applying the accounting policies that have the most significant effect on the amount recognised in the financial statements include the following:

**Going concern**

Learn Africa Plc is a going concern, which assumes that it will be able to continue operation into the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

Material estimates in the financial statements include the following:

**2.1 Basis of preparation - Continued****Accounts receivable**

The allowance for doubtful accounts involves management judgment and review of individual receivable balances based on an individual customer's prior payment record, current economic trends and analysis of historical bad debts of a similar type. Further details of the allowance are disclosed in Note 13.

**Property, plant and equipment, and intangible assets**

The company carries its property, plant and equipment at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the company's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Further details of property, plant and equipment are disclosed in Note 8.

**Investment Property**

The company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The company engaged an independent valuation specialist to assess fair value as at 31 December 2016 for investment properties. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. Further details are provided in Note 9 of the financial statements.

**Warranty provisions**

A provision is recognised for expected warranty claims on books sold during the last one year, based on past experience of the level of returns. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within one year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and anticipated rate of return based on one year warranty period for all books sold in the prior year. Further details are provided in Note 19 of the financial statements.

**Taxes**

Uncertainties exist with respect to the amount and timing of future taxable income. Given the differences in the interpretation of the underlying principles of taxable income, differences arising between the actual results and the assumptions made could necessitate future adjustment to tax income and expenses already recorded. The company establishes provisions based on reasonable estimates.

Deferred taxes are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgements is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable

Further details of taxes are disclosed in Note 6.

**2.2. Summary of significant accounting policies**

The following are the significant accounting policies applied by Learn Africa Plc in preparing its financial statements:

**2.2.1 Intangible assets**

Intangible assets include purchased computer software and software licences with finite useful lives. Purchased software and software licences are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity.

Computer software primarily comprises external costs and other directly attributable costs.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives between 6-10 years is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**2.2.2 Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is available for use. In the case of assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors. Such cost also includes the cost of replacing part of the property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognized such parts as individual assets with specific useful lives and depreciates them accordingly.

Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are available for use.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the profit or loss as an expense.

The estimated useful lives of the major asset categories are:

**2.2. Summary of significant accounting policies – Continued****2.2.2 Property, plant and equipment - Continued**

<b>Asset category</b>	<b>Useful lives (Years)</b>
Long leasehold land and buildings	50
Plant and machinery	10
Furniture, fittings and equipment	10
Motor Trucks	6
Motor Vehicle	6
Computer hardware	4

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**2.2.3 Earnings/(loss) per share**

The company presents basic/ diluted earnings/(loss) per share (EPS) data for its ordinary shares.

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding as at year of dilution.

**2.2.4 Impairment of non-financial assets**

Property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an assets or CGU exceeds its recoverable amount, the assets is considered impaired and is written down to its recoverable amount

Learn Africa evaluates impairment losses for potential reversals when events or circumstances may indicate such consideration is appropriate. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Impairment losses and reversals are recognised in profit or loss.

**2.2.5 Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

**Raw materials:**

Purchase cost on a first in, first out basis.

**Goods- In-Transit, Work- in –progress and Finished goods**

Goods in transit are valued at invoice price together with other attributable charges.

## 2.2. Summary of significant accounting policies – Continued

### 2.2.4 Inventories - Continued

The cost of finished goods comprises suppliers' invoice prices and, where appropriate, freight, printing costs and other charges incurred to bring the materials to their location and condition.

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.2.6 Financial instruments

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

- **Financial Asset**

#### **Initial recognition and measurement**

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

Learn Africa determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs.

The company's financial assets include cash, trade and other receivables.

#### **Subsequent measurement**

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in administrative expenses.

##### **Derecognition of financial assets**

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- a) The rights to receive cash flows from the asset have expired or
- b) The company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i. The company has transferred substantially all the risks and rewards of the asset or
  - ii. The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.



**2.2. Summary of significant accounting policies - Continued****2.2.6 Financial instruments – Continued****Impairment of financial assets**

The company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

- **Financial Assets carried at amortised cost**

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

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating income in profit or loss."

- **Financial liabilities**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs carried at amortised cost. This includes directly attributable transaction costs. Learn Africa's financial liabilities are trade and other payables.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

Gains or losses on liabilities held for trading are recognised in profit or loss.

The company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

**2.2. Summary of significant accounting policies - Continued****2.2.6 Financial Instruments – Continued****Financial liabilities at amortised cost:**

Financial liabilities at amortised cost include accounts payable and accrued liabilities. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.2.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above

**2.2.8 Taxation****Current income and Education taxes**

Current income and education taxes assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in Nigeria. Current income and education taxes assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

**Deferred tax**

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

**2.2. Summary of significant accounting policies - Continued****2.2.8 Taxation - Continued**

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.2.9 Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Warranty provisions**

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. The initial determination of the extent of the warranty provision and recognition is based on historical experience and past trends. The initial estimate of warranty-related costs is revised annually.

**Contingent Liability**

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 entity; or a present obligation that arises from past events but is not recognized 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 liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognized, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

**2.2.10 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

**2.2. Summary of significant accounting policies - Continued****2.2.10 Revenue - Continued****Sale of goods**

Learn Africa Plc revenue comprises the fair value of the consideration received or receivable from the sale of publishing and distribution of educational materials for all levels of learning – Nursery, Primary, Secondary and Tertiary in the ordinary course of the company's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts. Revenue is recognized when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

**Interest income**

These are interest on short-term deposits which are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

**2.2.11 Investment properties**

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Changes in fair values are recognised in the profit or loss in the period in which they arise, including the corresponding tax effect. Investment properties are derecognised when they have been disposed. Where the Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the profit or loss within net gain from fair value adjustment on investment property.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Further details are provided in Note 9 of the financial statements.

**2.2. Summary of significant accounting policies - Continued****2.2.12 Employee Benefits****(a) Defined contribution plans**

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior period.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension fund administration (PFA) on a mandatory basis in line with Pension Act. The company has no further payment obligations once the contributions have been paid.

The company operates a defined contribution pension scheme in line with the Pension Reform Act 2015. The employees and the Company contribute 8% and 10% of basic salary, housing and transport allowances respectively. The Company's contributions are accrued and charged to the Statement of profit or loss as and when the relevant service is provided by employees. The company has no further payment obligations once the contributions have been paid.

**(b) Short-term benefits**

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

A liability is recognized 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.

**2.2.13 Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

**2.2.14 Share capital and reserves****a) Share issue costs**

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

**b) Dividend on ordinary shares**

Dividends on the Company's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

**c) Other capital reserves**

This relates to revaluation surplus on property, plant and equipment prior to date of transition to IFRS.

**2.2. Summary of significant accounting policies - Continued****2.2.15 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a lessee**

A lease is classified at the inception date as finance or operating lease. A lease that does not transfer substantially all the risks and rewards incidental to ownership is classified as an operating lease. Operating lease payments are recognised as administrative expenses in profit or loss on a straight-line basis over the lease term.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**3.1 Standards issued but not yet effective**

Standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The company is currently assessing the impact that these standards will have on the financial position and performance. The company intends to adopt these standards, if applicable.

**IFRS 9 Financial Instruments**

In July 2015, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The company plans to adopt the new standard on the required effective date. During 2016, the Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. However, there would be no impact on the classification.

**3.1 Standards issued but not yet effective - Continued****IFRS 15 Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. Though a formal assessment has not been done, but the standard when adopted is not expected to have a material impact on the company's revenue recognition..

**IFRS 16 - Leases**

Effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The key features of the amendment are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The company is still assessing the impact of this amendment.

**IAS 7 Disclosure Initiative – Amendments to IAS 7**

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Company.

**IAS 12 – Taxes: Recognition of Deferred Tax Assets for Unrealised Losses**

The amendment clarifies the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify:

- The requirements relating to recovery of an asset for more than its carrying amount in a way that enhances understanding and reduces the risk of an arbitrary estimate of probable future taxable profit was revised
- The standard clarify that taxable profit excluding tax deductions used for assessing the utilization of deductible temporary differences is different from taxable profit on which income taxes are payable

The amendment is effective for annual periods beginning on or after 1 January 2017.

The company is still assessing the impact of this amendment.

**3.1 Standards issued but not yet effective - Continued**

The entity must apply the same accounting for each category of investment.

A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment. This amendment will not have any impact on the Company's financial statements.

**IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration**

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Standard is effective for annual periods beginning on or after 1 January 2018. The company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

**2014-2016 cycle (issued in December 2016)**

Following is a summary of the amendments from the 2014-2016 annual improvements cycle.

**IFRS 1 *First-time Adoption of International Financial Reporting Standards*****Deletion of short-term exemptions for first-time adopters**

- Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose.
- The amendment is effective from 1 January 2018.

**IAS 28 *Investments in Associates and Joint Ventures*****Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice**

The amendments clarifies that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

- The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

**IFRS 12 *Disclosure of Interests in Other Entities*****Clarification of the scope of the disclosure requirements in IFRS 12**

- The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively.



**3.2 The following relevant new and amended standards have become effective for the current year****3) IFRS 14 Regulatory Deferral Accounts**

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

**4) Amendments to IAS 16 and IAS 38****Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments did not have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

**IFRS 10, IFRS 12 and IAS 28 Investment Entities****Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28**

Effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed

The amendments address three issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments will not impact the Company's financial statements presentation.

**3.2 The following relevant new and amended standards have become effective for the current year - Continued****IFRS 10 and IAS 28****Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS - Continued

The amendment must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. This amendment is not expected to have any impact on the Company.

These amendments will not impact the Company's financial statements presentation.

**IAS 27**

**Equity Method in Separate Financial Statements – Amendments to IAS 27**

Effective for annual periods beginning on or after 1 January 2016 and it must be applied retrospectively, early application is permitted and must be disclosed.

The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39)
- Or
- Using the equity method

**IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (effective 1 January 2016)**

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

**Amendments to IAS 1- IAS 1 Disclosures Initiative**

Effective for annual periods beginning on or after 1 January 2016. Early application is permitted and entities do not need to disclose that fact because the Board considers these amendments to be clarification that do not affect an entity's accounting policies or accounting estimates.

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associated and Joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between these items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

These amendments will impact the Company's financial statements presentation and disclosure requirements in IFRS, and do not affect recognition and measurements.

**Annual Improvements 2012 – 2014 Cycle**

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

**IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively. This amendment is not expected to have any impact to the Company given that the Company has no such non-current assets in its business operation.

**IAS 34 Interim Financial Reporting**

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments are not expected to have any impact on the Company.

**IAS 19 Employee Benefits**

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

The company assessed the standard will not have an impact on the Company's financial statements.

**IFRS 7 Financial Instruments: Disclosures****(i) Servicing contracts**

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

**(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements**

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. This amendment will not have any impact on the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

4. **Revenue**

These were sales from different depots and area offices.

	2016	2015
	₦'000	₦'000
Head office	89,233	468,492
Abuja	236,358	205,421
Ajegunle	88,316	69,989
Akure	175,011	149,543
Benin	39,710	39,828
Enugu	93,172	70,538
Ibadan	133,606	89,890
Ikeja	178,016	142,322
Ilorin	117,145	90,271
Jos	69,107	68,653
Kano	63,558	55,089
Onitsha	64,476	67,401
Osogbo	35,922	25,707
Owerri	65,416	67,451
Portharcourt	204,792	94,951
Zaria	83,984	67,929
Ikorodu	58,314	55,012
Otta/Sango	77,479	54,465
Agbor	16,603	3,987
Abeoakuta	46,030	-
Makurdi	46,139	-
Warri	27,465	-
	-----	-----
	2,009,852	1,886,939
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 5. Other income/expenses and adjustments

## 5.1 Operating income

	2016	2015
	₦'000	₦'000
Net gain on disposal of PPE	-	21,553
Valuation gain from investment properties	4,500	9,500
Royalty write back	53,717	-
Others	-	138
	-----	-----
	58,217	31,191
	=====	=====

During the year, royalties previously provided for the authors that were writing scripts for Pearson Education Limited were written back by the Company. Pearson Education Limited previously owned 51% of the Company's shareholding but in 2011, Pearson Education and Learn Africa Plc mutually agreed to become separate corporate entities in Nigeria. The company was accruing for the royalties on the sale of Pearson books but as a result of the divestment, the management is of the opinion that the accrued royalties will no longer be paid.

	2016	2015
	₦'000	₦'000
5.2 Finance income		
Interest received on cash deposit	10,373	24,363
	=====	=====
5.3 Cost of sales		
Cost of publications	849,744	803,843
Royalties	95,727	133,916
Project cost	52,946	62,392
Inventory write off	14,699	-
Others	-	3,939
	-----	-----
	1,013,116	1,004,090
	=====	=====

## 5.4 Administrative expenses

Amortisation of intangible assets	1,967	2,913
Audit fee	9,000	9,000
Allowance for impairment on receivable	20,000	538,073
Bank charges	12,266	14,689
Corporate social responsibility	-	10,000
Depreciation	24,752	19,341
Employee benefits (Note 5.6)	370,135	409,245
Exchange loss	1,209	1,777
Interconnectivity and branding	8,237	12,047
Legal and Professional fee	33,601	14,257
Net loss on disposal of property, plant and equipment	7,206	-
Office printing and stationery	8,066	12,750
Operating lease expense	26,251	21,443
Other administrative expenses	39,979	42,349
Security	25,284	24,769
Rates	6,346	8,722
Repairs and maintenance	55,860	63,010
Telecommunication	15,563	9,764
	-----	-----
	665,722	1,214,149
	=====	=====

Included in legal and professional fee is tax consulting fee of ₦2,000,000 (2015: ₦2,000,000). This service was carried out with the consent of the audit engagement partner who has ensured that the non-audit service is not prohibited and poses no threat to the firm's independence and objectivity.

## NOTES TO THE FINANCIAL STATEMENTS - Continued

	2016 N'000	2015 N'000
<b>5.5. Selling and distribution expenses</b>		
Travelling	64,990	72,956
Motor repairs	72,851	80,578
Advert and publicity	77,995	133,841
Freight	13,256	15,962
Depreciation	36,198	38,924
	-----	-----
	265,290	342,261
	=====	=====
<b>5.6 Employee benefits expense</b>		
Short- term employee benefits	351,662	387,257
Pension contribution	18,473	21,988
	-----	-----
Total employee benefits expense	370,135	409,245
	=====	=====
<b>6. Taxation</b>		
<b>6.1 Income tax recognised in profit or loss</b>		
<b>Current income tax:</b>		
Company income tax	16,858	16,020
Education tax	-	-
Capital gains tax	-	1,863
	-----	-----
	16,858	17,883
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary difference (Note 6.4)	(119,703)	7,502
	-----	-----
	(102,845)	25,385
	=====	=====
.		
<b>6.2 Statement of financial position</b>		
	2016 N'000	2015 N'000
At 1 January	25,730	30,189
Amounts recorded in profit or loss	16,858	17,883
Payments made on-account during the year	(14,963)	(9,059)
Payments made on-account during the year (WHT)	(10,767)	(13,283)
	-----	-----
At 31 December	16,858	25,730
	=====	=====

**6.3 Reconciliation between tax expense and accounting profit/(loss)**

	2016	2015
	₦'000	₦'000
Accounting profit/(loss) before tax	134,314	(618,007)
	=====	=====
Statutory income tax rate of 30%	40,294	(185,402)
Utilisation of previously unrecognised tax credits	(75,931)	-
Disallowable expenses	37,203	190,098
Non taxable income	(121,269)	(9,357)
Capital gains tax	-	1,863
Reversal of previously recognized deferred tax	-	7,502
Unrecognised taxable loss that arose during the year	-	4,661
Origination and reversal of temporary difference	-	-
Education tax	-	-
Minimum tax	16,858	16,020
	-----	-----
At the effective income tax rate	(102,845)	25,385
	=====	=====
Effective tax rate	(77%)	(4%)
	=====	=====
<b>6.4 Deferred tax asset</b>		
At 1 January	-	(7,502)
Relating to origination and reversal of temporary differences	(119,703)	7,502
	-----	-----
At 31 December	(119,703)	-
	=====	=====
<b>6.5 Deferred tax</b>		
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	65,489	57,186
Impairment on receivables	(101,653)	(215,039)
Sales returns	(30,483)	(32,493)
Unrealised exchange loss	(363)	(533)
Unrealised gain in fair value on investment properties	23,444	22,994
Unrelieved losses	(76,137)	-
	-----	-----
	(119,703)	(167,885)
	=====	=====

Net tax asset of ₦160,382,535 which arose in the prior year was not recognised due to constant losses. Also, the deferred tax asset of ₦7,501,908 existing in the books was derecognised.

**7. Earnings/(Loss) per share**

Earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic profit/(loss) per share computations

	2016 N'000	2015 N'000
Net profit/(loss) attributable to ordinary equity holders	237,159 =====	(643,392) =====
Weighted average number of ordinary shares for basic profit/(loss) per share	771,450 =====	771,450 =====
Basic and diluted earnings/( loss) per share (kobo)	31	(83)



**8. Property, Plant and equipment**

<b>Cost</b>	<b>Leasehold Land and Building ₦'000</b>	<b>Plant and Machinery ₦'000</b>	<b>Motor Vehicles ₦'000</b>	<b>Motor Trucks ₦'000</b>	<b>Furniture and Fittings ₦'000</b>	<b>Computer Hardwares ₦'000</b>	<b>Total ₦'000</b>
At 1 January 2015	132,012	125,407	287,147	87,890	141,642	56,928	831,026
Additions	3,877	3,011	28,170	-	4,963	1,525	41,546
Disposals	(5,119)	-	(2,874)	-	-	(142)	(8,135)
At 31 December 2015	130,770	128,418	312,443	87,890	146,605	58,311	864,437
Additions	32,049	1,480	12,500	-	5,592	13,025	64,646
Disposals	-	(25,200)	(28,174)	-	(497)	-	(53,871)
At 31 December 2016	162,819	104,698	296,769	87,890	151,700	71,336	875,212
<b>Depreciation and impairment</b>							
At 1 January 2015	45,559	77,927	203,428	55,860	89,688	53,954	526,416
Depreciation charge for the year	2,712	7,348	28,470	10,455	7778	1,502	58,265
Disposal	(1,622)	-	(2,874)	-	-	(142)	(4,638)
At 31 December 2015	46,649	85,275	229,024	66,315	97,466	55,314	580,043

**8. Property, Plant and equipment – Continued**

	<b>Leasehold Land and Building N'000</b>	<b>Plant and Machinery N'000</b>	<b>Motor Vehicles N'000</b>	<b>Motor Trucks N'000</b>	<b>Furniture and Fittings N'000</b>	<b>Computer Hardwares N'000</b>	<b>Total N'000</b>
Depreciation and impairment							
At 1 January 2016	46,649	85,275	229,024	66,315	97,466	55,314	580,043
Depreciation charge for the year	2,825	9,712	25,743	10,455	8,609	3,606	60,950
Disposal	-	(17,405)	(22,810)	-	(497)	-	(40,712)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2016	49,474	77,582	231,957	76,770	105,578	58,920	600,281
	-----	-----	-----	-----	-----	-----	-----
Net book value							
At 31 December 2016	113,345	27,116	64,812	11,120	46,122	12,416	274,931
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2015	84,121	43,143	83,419	21,575	49,139	2,997	284,394
	=====	=====	=====	=====	=====	=====	=====

There were no restrictions on the company's property, plant and equipment as at 31 December 2016.

**9. Investment properties**

	2016 N'000	2015 N'000
Opening balance at 1 January	237,000	227,500
Net gain on fair value adjustment	4,500	9,500
	-----	-----
Closing balance at 31 December	241,500	237,000
	-----	-----

There was no rental income in 2016 (2015: Nil) because of the proposed renovation of the building, which is yet to be carried out. Although there is no contractual commitment from the management at the reporting date, the entity is currently working on getting quotations from the various contractors that will carry out the intended renovation. Hence, the renovation period will be determined after a preferred contractor and the total cost are established. The tenants were served vacation notice, hence, no rental income. The investment properties are a residential building located in Ikeja, Lagos.

The company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements. Investment properties are stated at fair value, which has been determined, based on valuations performed by UBOSI ELEH + Co. (December 2016) and JIDE TAIWO (December 2015). Both firms are Chartered Estate Surveyors and accredited independent valuers with specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied after making the following assumptions:

- a). That the information which the valuation is based on is correct;
- b). That the title to the property is good and marketable;
- c). That the property is not adversely affected by or subject to compulsory acquisition, road widening, new proposal or planning scheme;
- d). That the property is free from all onerous charges and restrictions.

The investment properties were valued on the basis of market approach; that is the obtainable highest price which an interest in a property might reasonably be expected to realise in a sale by a private treaty assuming:

- a). a willing buyer;
- b). a reasonable period within which to negotiate the sale taking into account the nature of the assets and the state of the market;
- c). values will remain static throughout the period;
- d). the assets will be freely exposed to the market;
- e). no account is to be taken of an additional bid by a special purchaser;
- f). no account is to be taken of expense of realisation, which may arise in the event of a disposal.

**9. Investment properties – Continued****Significant unobservable valuation input:**

The fair values of investment properties recognised in the statement of financial position are level 3 of the fair value hierarchy				
	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2016	2015
			N	N
Residential property	Market comparable method	Estimated price per square meters adjusted for the nature, location and conditions of the investment properties	75,165-100,343	75,165-100,343
Significant increases / (decreases) in estimated price per square meter in isolation would result in a significantly higher/ (lower) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate, and an opposite change in the long term vacancy rate.				
Using the market comparable method, This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property.				

**10. Intangible assets**

	<b>Computer Software</b>
	<b>N'000</b>
<b>Cost</b>	
At 1 January 2016	6,416
Additions	5,389
	-----
<b>At 31 December 2016</b>	<b>11,805</b>
	-----
<b>Amortisation and impairment</b>	
At 1 January 2016	-
Amortisation	1,967
	-----
<b>At 31 December 2016</b>	<b>1,967</b>
	-----
<b>Net book value</b>	
At 31 December 2016	9,838
	=====
At 31 December 2015	6,416
	=====

**11. Prepayments**

	2016 N'000	2015 N'000
11.1 Prepayment		
At 1 January	26,174	25,099
Additions	90,152	93,273
	-----	-----
	116,326	118,372
Current portion amortisation	(91,734)	(92,198)
	-----	-----
	24,592	26,174
	=====	=====
11.2 Classification of payments		
Non-current portion	7,507	2,938
Current portion	17,085	23,236
	-----	-----
At 31 December	24,592	26,174
	=====	=====

The long term rent prepaid relates to the Company's warehouse in Onitsha, Ilorin, Akure, Ajegunle and Port-Harcourt for a period of three to five years.

The prepayment classified as current asset represents the portion that is due to be amortised in the next twelve months and this amounts to ₦17.1 million (2015: ₦23.2 million).

12. Inventories	2016 N'000	2015 N'000
Raw materials	24,584	33,414
Work- in -progress	99,881	105,178
Publications	1,698,479	1,426,964
Consumables	225	225
	-----	-----
	1,823,169	1,565,781
	=====	=====

Inventory write-down that was recognised in cost of sales in 2016 was ₦14,699,000 (2015: Nil). Inventories are valued at the lower of cost and net realisable value less costs to sales.

13. Trade and other receivables	2016 N'000	2015 N'000
Trade receivables	1,401,447	1,478,714
Less: impairment of doubtful receivables	(338,845)	(716,797)
	-----	-----
	1,062,602	761,917
Withholding tax recoverable	120,632	131,301
Other receivable	5,622	12,260
	-----	-----
	1,188,856	905,478
	=====	=====

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days except for receivables from government parastatals which are 300 days.

**13. Trade and other receivables – Continued**

As at 31 December 2016, trade receivables of an initial value of ₦338,845,000 (2015: ₦716,797,000) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

	Individually impaired ₦'000	Collectively impaired ₦'000	Total ₦'000
<b>At 1 January 2015</b>	278,478	-	278,478
Charged for the year	538,074	-	538,074
Write-off	(99,755)	-	(99,755)
<b>At 31 December 2015</b>	<b>716,797</b>	-	<b>716,797</b>
Charge for the year	20,000	-	20,000
Write-off	(397,952)	-	(397,952)
<b>At 31 December 2016</b>	<b>338,845</b>	-	<b>338,845</b>

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total ₦'000	Neither past Due nor impaired ₦'000	Past due but not impaired		
	₦'000		<30 days ₦'000	91-180 days ₦'000	181-270 days ₦'000
2016	1,062,602	115,645	86,374	670,125	190,458
2015	761,917	101,543	44,089	376,803	239,482

**14. Cash and cash equivalents**

	2016 ₦'000	2015 ₦'000
Cash at banks and in hand	843,581	64,939
Short-term deposit	113,512	495,328
	-----	-----
	957,093	560,267
	=====	=====

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand as well as short-term deposits.

**15. Issued share capital and reserves**

	2016 N'000	2015 N'000
Authorised shares		
1,000,000,000 ordinary shares of 50k each	500,000 =====	500,000 =====
Ordinary shares issued and fully paid		
771,450,000 ordinary shares of 50k each	385,725 =====	385,725 =====
Share premium	1,940,214 =====	1,940,214 =====
Other capital reserve	67,703 =====	67,703 =====

This relates to revaluation surplus on property, plant and equipment prior to date of transition to IFRS. Upon disposal, any revaluation reserve relating to a particular asset sold is transferred to retained earnings.

**16. Dividend paid and proposed**

	N'000
Dividends on ordinary shares:	
Balance at 1 January 2015	-
Final dividend for 2014: 12k per share	92,574
Dividend paid during the year	(92,574)
	-----
<b>31 December 2015</b>	- =====
Dividends on ordinary shares:	
Balance at 1 January 2016	-
Final dividend for 2015: 0k per share	-
Dividend paid during the year	-
	-----
<b>31 December 2016</b>	- =====

**17. Trade and other payables**

	2016 N'000	2015 N'000
Trade payable	1,125,462	271,256
Royalties	290,048	342,436
Unclaimed dividend (Note 17.1)	76,497	64,335
Other taxation payable	20,410	17,214
Other payables	26,768	32,767
Staff pension accruals	-	5,236
	-----	-----
	1,539,185 =====	733,244 =====

**17. Trade and other payables - Continued****Terms and conditions of the above financial liabilities:**

Trade payables are non-interest bearing and are normally settled on 60 day terms.

Other payables are non-interest bearing and have an average term of 2 months.

The maturity analysis of trade and other payables are as follows:

Year ended 31 December 2016	1-60 Days N'000	61-120 days N'000	> 120 days N'000	Total N'000
Trade payables	218,839	72,416	834,207	1,125,462
Other payables	26,768	-	-	26,768
Year ended 31 December 2015	1-60 Days N'000	61-120 days N'000	> 120 days N'000	Total N'000
Trade payables	109,621	154,350	7,285	271,256
Other payables	6,122	-	-	6,122

**17.1 Royalty**

This relates to payment made to authors for the use of their intellectual properties. The applicable rate ranges from 5% to 10% on the published price of text books. For major contracts from government institutions, a rate of 2.5% is applied.

The maturity ageing analysis of royalty payable is as follows:

Year ended 31 December 2016	1-60 Days N'000	61-120 days N'000	> 120 days N'000	Total N'000
Royalties payables	95,727	105,089	89,232	290,048
Year ended 31 December 2015	1-60 Days N'000	61-120 days N'000	> 120 days N'000	Total N'000
Royalties payables	46,799	87,122	208,515	342,436



**17. Trade and other payables - Continued****17.2 Unclaimed dividend**

This relates to 90% of unclaimed dividend of 15 months and above returned by the Company's Registrar in the year. This was as specified by the Security and Exchange Commission. This is as detailed below:

S/N	AMOUNT OF DIVIDEND DECLARED	TOTAL DIVIDEND PAID TO DATE	DATE OF PAYMENT	UNCLAIMED DIVIDEND	90% REMITTANCE
	NGN	NGN		NGN	NGN
1	11,250,000	11,249,896	14.07.1997		
2	15,750,000	15,742,251	03.07.1998		
3	16,875,000	16,862,979	27.07.1999		
4	37,800,000	37,789,311	04.07.2000		
5	37,800,000	37,799,968	29.06.2001		
6	18,750,000	18,705,242	01.07.2002		
7	36,750,000	36,644,869	30.06.2003		
8	17,638,963	17,565,461	28.06.2004	73,502	66,152
9	36,750,340	36,468,999	04.07.2005	281,341	253,207
10	44,100,408	43,785,720	03.07.2006	314,688	283,219
11	45,360,000	44,398,188	02.07.2007	961,812	865,631
12	113,400,000	110,612,731	08.08.2008	2,787,269	2,508,542
13	170,986,000	162,179,712	08.06.2009	8,806,288	7,925,659
14	170,100,000	170,085,052	07.06.2010	14,948	13,453
15	85,052,363	72,593,838	15.08.2011	12,458,525	11,212,672
16	173,576,250	147,713,005	09.04.2012	25,863,245	23,276,921
17	139,003,738	119,081,710	31.05.2013	19,922,028	17,929,825
18	83,412,750	69,899,753	06.06.2014	13,512,997	12,161,697
				<b><u>84,996,643</u></b>	<b><u>76,496,978</u></b>

**18. Provision**

This relates to provision made for sales returns . Provisions are required to be made for a percentage of goods estimated to be returned by customers.

	₦'000
At 1 January 2015	41,667
Utilised during the year	-
Arising during the year	39,999
	-----
At 31 December 2015	81,666
Utilised during the year	-
Arising during the year	19,945
Unused amounts reversed	-
	-----
At 31 December 2016	101,611
	=====

**19. Operating activities**

	2016	2015
	N'000	N'000
Profit/(loss) before taxation	134,314	(618,007)
	-----	-----
	134,314	(618,007)
Adjustment for:		
Depreciation of property, plant and equipment	60,950	58,265
Amortisation of intangible assets	1,967	2,913
Loss/(gain) on sale of property, plant and equipment	7,206	(21,553)
Appreciation of investment property	(4,500)	(9,500)
Inventory write-off	14,699	-
Finance income	(10,373)	(24,363)
	-----	-----
	204,263	(612,245)
Increase in inventories	(272,087)	(83,750)
(Increase)/decrease in trade and other receivables	(294,145)	535,291
Decrease/(increase) in prepayments	1,582	(1,074)
Increase in trade and other payables	805,941	220,319
Increase in provisions	19,944	33,094
	-----	-----
	465,498	100,694
Tax paid	(14,963)	(9,059)
	-----	-----
Net cash inflow from operating activities	450,535	91,635
	=====	=====

**20. Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**20. Determination of fair value – Continued**

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

At 31 December 2016

	Date of valuation	Total (₦)	Quoted prices in active market (Level 1)	Fair value measurement using	
				Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
<b>Assets measured at fair value</b>					
Investment properties (Note 9)	31.12.2016	241,500			241,500
<b>Assets disclosed at fair value</b>					
Trade receivable (Note 13)	31.12.2016	1,062,602		1,062,602	

**20. Determination of fair value - Continued**

There have been no transfers between Level 1 and Level 3 during the period.

At 31 December 2015

	Date of valuation	Total (₦)	Fair value measurement using		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Assets measured at fair value					
Investment properties (Note 9)	31.12.2015	237,000			237,000
Assets disclosed at fair value					
Trade receivable (Note 13)	31.12.2015	761,917		761,917	

There have been no transfers between Level 1 and Level 3 during the period.

Set out below is a comparison by class of the carrying amounts and fair values of Learn Africa Plc financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000
<b>Financial assets</b>				
Trade receivable	1,062,602	761,917	1,001,923	600,691
Investment properties	241,500	237,000	241,500	237,000

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in an orderly transaction between market participants, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The trade receivable is calculated based on the discounting future cash flow using the maximum lending rate of 26.93% (31 December 2015: 27%) obtainable in the active market as at 31 December 2016.
- The investment property is estimated based on the certified valuer valuation report based on the analysis of open market transactions on similar properties in the neighbourhood, and other valuation parameters as stated in Note 9.

**Related party balances**

There were no transactions with related parties other than with key management.

**21. Compensation of key management personnel of Learn Africa Plc**

	2016 N'000	2015 N'000
Short-term employee benefits	49,383	58,801
Pension contribution	3,932	7,903
	-----	-----
	53,315	66,704
	=====	=====

The short-term employee benefits relates to the amounts recognised as an expense during the reporting period related to key management personnel. The executive directors are paid salaries by Learn Africa Plc.

Information regarding Directors emoluments:

	2016 N'000	2015 N'000
Directors' emoluments comprise:		
Fees as Directors	1,920	3,290
Others	32,669	24,227
Pension contribution	1,834	3,118
	-----	-----
	36,423	30,635
	=====	=====
Chairman	2,112	1,950
Highest paid Director	7,673	12,019
	=====	=====

The number of directors excluding the Chairman with gross emoluments within the following bands was:-

	2016 Number	2015 Number
N		
Less than - 3,000,000	4	5
3,000,001 - 3,500,000	-	2
3,500,001 - 5,000,000	-	-
5,000,001 - 7,500,000	-	-
7,500,001 - 9,000,000	3	2
9,000,001 - 15,000,000	-	1

**22. Information relating to employees****22a. The average number of persons employed in the financial year and the staff cost were as follows:**

	2016 Number	2015 Number
Management (Directors)	3	3
Publishing and distribution	26	38
Sales and marketing	78	70
Administration	50	64
	-----	-----
	157	175
	===	===

**22. Information relating to employees - Continued****22b.** The numbers of employees in receipt of emoluments excluding allowances within the following ranges were:

		2016 Number	2015 Number
₦	₦		
650,001 –	700,000	2	4
700,001 –	750,000	3	10
750,001 –	800,000	5	7
800,001 –	900,000	37	41
900,001 –	1,000,000	6	12
1,000,001 –	1,100,000	25	11
1,100,001 –	1,200,000	12	10
1,200,001 –	1,300,000	7	12
1,300,001 –	1,400,000	13	9
1,400,001 –	1,500,000	10	14
1,500,001 –	2,000,000	24	30
2,000,001 –	3,500,000	6	9
3,500,001 –	5,500,000	4	3
Above 5,500,000		3	3
		-----	-----
		157	175
		===	===

**23. Financial risk management**

Learn Africa Plc's principal financial assets comprise Trade and other receivables, cash and short term deposits that arise directly from its operations.

The company's principal financial liabilities comprise of Trade and other payables. The main purpose of these financial liabilities is to finance and to provide guarantee to support the Company's operations.

Learn Africa Plc is exposed to credit risk, market risk and liquidity risk.

The company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

**1. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Learn Africa is exposed to credit risk from its operating activities (primarily for trade receivables) including short term deposits with banks and financial institutions. The effect of each financial asset is explained below:

**23. Financial risk management - Continued****(a) Trade receivables**

Customer credit risk is subject to Learn Africa Plc's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

At 31 December 2016, the Company had 145 customers (2015: 156 customers) that owed the Company more than ₦1,000,000 each and accounted for approximately 60% (2015: 67%) of all receivables owing. There were 12 customers (2015: 20 customers) with balances greater than ₦10,000,000 accounting for just over 41% (2015: 47%) of the total amounts receivable.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13.

**(b) Cash and short term deposits**

Credit risk from balances with banks and financial institutions is managed by the Learn Africa's Treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party.

Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. Learn Africa's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2016 and 2015 is the carrying amounts as illustrated in Note 14.

**2. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include trade receivable and trade payable. The company's exposure to foreign currency is as shown below:

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The company's exposure to the risk of changes in foreign exchange rates is low as most of its major transactions are carried out with local suppliers and customers. However the Company is exposed to the US Dollars and pounds sterling.

The company's exposure to foreign currency changes for all other currencies is not material. The Naira carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

## 23. Financial risk management – Continued

	2016 N'000	2015 N'000
<b>LIABILITIES</b>		
Currency of USA (USD)	911,929	85,525
Currency of Britain (GBP)	3,980	47,198
<b>ASSETS</b>		
Currency of USA (USD)	1,056	679
Currency of Britain (GBP)	275	1,404

	Changes in US Dollars Rate	Effect on profit before tax N'000
2016	(+5%)	2,048
	(-5%)	(2,048)
2015	(+5%)	4,273
	(-5%)	(4,273)

	Changes in Pounds	Effect on profit before tax N'000
2016	(+5%)	2,518
	(-5%)	(2,518)
2015	(+5%)	2,297
	(-5%)	(2,297)



**23. Financial risk management - Continued****3. Liquidity risk**

Liquidity risk arises through excess obligations over available financial assets due at any point in time. Learn Africa's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. Learn Africa achieves this through funds generated by operations and externally through Trade and other payables that provide flexibility in the timing and amounts of short-term financing. Learn Africa has a policy of investing its cash balances in short-term deposits in highly-rated Nigerian financial institutions. Trade payables of ₦1,025,462 (2015: ₦271,256) is payable on demand. The analysis of the trade payable has been disclosed in Note 17.

**Financial Assets**

	2016 ₦'000	2015 ₦'000
<b>Financial assets at amortised cost</b>		
Trade and other receivables*	1,068,224	774,177
	-----	-----
Total Financial Assets	1,068,224	774,177
	=====	=====
<b>Financial Liabilities</b>		
Trade and other payables	1,152,230	304,023
	-----	-----
Total Financial liabilities	1,152,230	304,023
	=====	=====
Net gap	(84,006)	470,154
	=====	=====

Note \* This trade and other receivables excludes withholding tax in note 13

**24. Capital management**

The primary objective of the Learn Africa Plc capital management is to ensure that it maintains a healthy capital ratio that support its business and maximise shareholder value. Management considers capital to consist only of equity as disclosed in the statement of financial position. In order to ensure an appropriate return for shareholder's capital invested in the company, management thoroughly evaluates all material projects and potential acquisitions before approval. The company is not subject to any capital restriction requirements.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, trade and other payables less cash equivalents. The company's capital structure and debt-equity ratio is shown below;

	2016 N'000	2015 N'000
Trade and other payables (Note 17)	1,539,185	733,244
Less: cash equivalents (Note 14)	(957,093)	(560,267)
	-----	-----
Net debt	582,092	172,977
	=====	=====
Equity	2,982,029	2,744,870
	=====	=====
Capital and Net debt	3,564,121	2,917,847
	=====	=====
Debt to equity ratio	16%	6%

**25. Capital commitment**

As at 31 December 2016 the company had no capital commitment (2015: nil). Also, the management is committed to renovating the entity's investment properties, no payment has been made for this purpose.

**26. Segment information**

Segment information is presented in respect of the Company's business segment. The primary format, business segments, is based on the Company's management and internal reporting structure.

For management purposes, the Company is organised into one business unit based on its product and has only one reportable segment which is publishing of books.

**Segment statement of comprehensive income**

	<b>Book Publishing</b>	
	<b>16-Dec N'000</b>	<b>15-Dec N'000</b>
Revenue (External customer)	2,009,852	1,886,939
Finance income	10,373	24,363
Cost of sales	(1,013,116)	(1,004,090)
Other Income	58,217	31,191
Operating expenses	(931,012)	(1,556,410)
Finance Cost	-	-
Profit/(loss) before taxation	<b>134,314</b>	<b>(618,007)</b>
Taxation	102,845	(25,385)
Profit after taxation	<b>237,159</b>	<b>(643,392)</b>

**Segment statement of financial position**

	<b>Book Publishing</b>	
	<b>16-Dec N'000</b>	<b>15-Dec N'000</b>
Total Non-current assets	653,479	530,748
Current assets	3,986,204	3,054,762
<b>Total assets</b>	<b>4,639,683</b>	<b>3,585,510</b>
Ordinary share capital	385,725	385,725
Share premium	1,940,214	1,940,214
Other capital reserve	67,703	67,703
Retained earnings	588,387	351,228
Non-current liabilities	-	-
Current liabilities	1,657,654	840,640
<b>Total equity and liabilities</b>	<b>4,639,683</b>	<b>3,585,510</b>

**27. Litigation and claims**

There are litigations and claims against the Company as at 31 December 2016 amounting to ₦270 million (2015: ₦357 million). The claims are resulting from Suit No's. NICN/LA/240/2016 and MIK/IR/173/14 respectively. In the first suit between Ayo Grillo and Learn Africa Plc, the claimant instituted an action against the entity, Chief Emeka Iwerebon and Mr. Fred Ijewere asking the court for his reinstatement and in the alternative, damages in the sum of ₦250,000,000 for wrongful dismissal, alleging that his dismissal as the Acting Managing Director/Chief Executive Officer of the 1<sup>st</sup> Defendant was wrongful and actuated by the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant. Also, the second suit originated from Suit No. HC/105/2007 between Hon. Moses Oke vs. Learn Africa Plc where Hon. Moses Oke claimed that Learn Africa's failure to publish his book has caused him to lose ₦17m annually from 1994 and that Learn Africa owed him a duty of care which breached when Learn Africa admitted misplacing the manuscript for his books "they died for you".

**27. Litigation and claims - Continued**

The trial court have awarded ₦20 million as general damages to the plaintiff for the loss of the photocopy of the manuscript. Learn Africa have appealed the ₦20 million award at the court of appeal on the basis that the loss of the photocopy of a document without more cannot lead to damages in the sum of ₦20 million. However, no provision was made in the financial statements for contingent liabilities in respect of these claims as the Directors are of the opinion based on solicitors' advice that they have a good defense against the actions and there is no likelihood of any loss arising there from.

**28. Events after the reporting date**

The directors are of the opinion that there are no events after the reporting date that could have material effect on the Company's financial statements that had not been adequately provided or disclosed in these financial statements.

**LEARN AFRICA PLC**
**STATEMENT OF VALUE ADDED**
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 N'000	%	2015 N'000	%
Turnover	2,009,852		1,886,939	
Bought in goods & services				
Local	(982,199)		(1,358,550)	
Imported	(528,877)		(731,527)	
	-----		-----	
	498,776		(203,138)	
Other income	68,590		55,554	
	-----	----	-----	----
Value (consumed)/added	567,366	100	(147,584)	100
	=====	===	=====	===
Applied as follows:		%		%
To pay employees:				
Salaries and labour related expenses	370,135	65	409,245	277
To government:				
Income tax	16,858	3	17,883	12
To provide for replacement of assets and expansion of business:				
Depreciation	60,950	11	58,265	39
Amortisation	1,967	-	2,913	2
Deferred tax	(119,703)	(21)	7,502	5
Retained in the business	237,159	42	(643,392)	(435)
	-----	----	-----	----
	567,366	100	(147,584)	(100)
	=====	===	=====	===

The value added/(consumed) represents the additional wealth which the Company has been able to create/utilize by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, government and that retained for the future creation of more wealth.

**LEARN AFRICA PLC**  
**FIVE-YEAR FINANCIAL SUMMARY**  
**FOR THE YEARS ENDED 31 DECEMBER**

	IFRS				
	2016	2015	2014	2013	2012
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Statement of financial position</b>					
Property, plant & equipment	274,931	284,394	304,610	330,442	398,754
Investment property	241,500	237,000	227,500	225,000	210,000
Intangible asset	9,838	6,416	9,329	11,404	14,202
Non-current prepayments	7,507	2,938	9,841	102,588	135,027
Net current assets	2,328,549	2,214,122	2,922,054	2,923,705	2,910,602
Deferred taxation	119,704	-	7,502	687	(92,485)
	-----	-----	-----	-----	-----
	2,982,029	2,744,870	3,480,836	3,593,826	3,576,100
	=====	=====	=====	=====	=====
<b>Shareholders' funds</b>					
Called up share capital	385,725	385,725	385,725	385,725	385,725
Share premium	1,940,214	1,940,214	1,940,214	1,940,214	1,940,214
Other capital reserve	67,703	67,703	67,703	67,703	67,703
Retained earnings	588,387	351,228	1,087,194	1,200,184	1,182,458
	-----	-----	-----	-----	-----
	2,982,029	2,744,870	3,480,836	3,593,826	3,576,100
	=====	=====	=====	=====	=====
<b>Statement of comprehensive income</b>					
Revenue	2,009,852	1,886,939	2,211,213	2,277,955	2,913,632
	=====	=====	=====	=====	=====
Profit/(loss) before taxation	134,314	(618,007)	2,958	125,711	212,974
Taxation	102,845	(25,385)	(23,374)	(47,121)	55,421
	-----	-----	-----	-----	-----
Profit/(loss) after taxation	237,159	(643,392)	(20,416)	78,590	268,395
	=====	=====	=====	=====	=====
Dividend declared	-	-	(92,574)	(92,574)	(154,290)
	=====	=====	=====	=====	=====
<b>Per share data (kobo)</b>					
Earnings/(loss) per share – Basic	31	(83)	(3)	10	35
Dividend per share	-	-	12	12	20