

LEARN AFRICA PLC
Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

LEARN AFRICA PLC
REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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LEARN AFRICA PLC**DIRECTORS AND OTHER CORPORATE ADVISERS****FOR THE YEAR ENDED 31 DECEMBER 2017****BOARD OF DIRECTORS**

Chief Emeke Iwerebon
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
Publishing Director
Finance Director
Independent Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

SECRETARIES

Dcsl Corporate Services Limited
(Corporate Secretaries)
235, Ikorodu Road, Ilupeju, Lagos.
Tel: +234-1-2717800, Website: www.dcsll.com.ng

REGISTERED OFFICE

52 Oba Akran Avenue, Ikeja, Lagos

REGISTERED NUMBER

RC2637

AUDITORS

Ernst & Young
(Chartered Accountants)
UBA House
10th & 13th Floors
57 Marina
Lagos, Nigeria

REGISTRARS

First Registrars and Investors Services
Plot 2 Abebe Village Road, Iganmu
P.M.B 12692, Lagos

SOLICITORS

Citi Point Chambers
(Legal Practitioners)
11, IPM Avenue
Alausa, Lagos

BANKERS

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.

Guaranty Trust Bank Plc
33 Oba Akran Avenue,
Ikeja, Lagos

INVESTMENT ADVISER

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 2017.

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

	2017 N'000	2016 N'000
Turnover	2,485,531 =====	2,009,852 =====
Profit before taxation	296,689	134,314
Income tax (expense)/credit	(29,803) -----	102,845 -----
Profit after taxation	266,886 =====	237,159 =====

Dividend

The directors in submitting to the shareholders the financial statements for the year ended 31 December 2017 propose the payment of dividend of 14k per share (2016: 10K).

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
29 March, 2018

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 2017

In accordance with the provisions of the Companies and Allied Matters Act 1990, the Directors of Learn Africa Plc, are responsible for the preparation of annual financial statements, which give a true and fair view of the financial position of the Company at the end of the year and of the financial performance and cashflows for the year then ended. The responsibilities include ensuring that:

The Company 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;

Appropriate and adequate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

The Company prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed and;

It is appropriate for the financial statements to be prepared on a going concern basis.

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;
- The requirements of the Companies and Allied Matters Act; and
- The requirements of the Financial Reporting Council of Nigeria Act.

The Directors are of the opinion that the financial statements give a fair view of the state of the financial position of the Company and of its performance and cash flows for the year.

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.

Signed on Behalf of the Board of Directors By:



Chief Emeke Iwerebon
Chairman
FRC/201 4/IODN/00000002046

29 March, 2018



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

29 March, 2018

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 2017, 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 2017 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 Learn 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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Independent Auditors' Report

To the Members of Learn Africa Plc - continued

Key Audit Matters	How the matter was addressed in the audit
<p>Recoverability of trade receivables</p> <p>As disclosed in Note 13 to the financial statements, the Company has gross trade receivable balance of ₦1.7 billion and allowance for impairment of ₦348 million as at 31 December 2017.</p> <p>Overtime, the Company has been experiencing uncertainty over the recoverability of its trade receivables from specific customers.</p> <p>The determination as to whether a trade receivable is collectible involves management's judgement. Management considers factors such as the age of the balance, nature and location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether an allowance for impairment is required either for a specific transaction or for a customer's overall balance.</p> <p>We focused on this area because of the materiality of the amount and the high level of management judgement that is involved.</p>	<p>We tested aged balances where no allowance for impairment was recognised to determine that there were no indicators of impairment. This included verifying if payments had been received subsequent to year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.</p> <p>Using sampling technique, we selected samples from trade balances for which impairment provision was recognised to understand the basis of management judgements regarding the amount of provision required. This involved understanding the facts available to management for decision making as well as the reasonableness of assumptions made in determining the impairment provision.</p> <p>In assessing the appropriateness of the overall provision for impairment, we considered the consistency of management's application of policy for recognising provisions with the prior year.</p> <p>Specifically we considered:</p> <ul style="list-style-type: none"> i) how much of prior years' allowance had been utilised for bad debt write-offs during the year; and ii) prior year allowance amounts released where a customer had paid.
<p>Valuation of Investment Property (IP)</p> <p>The investment properties of the Company are stated at their fair values based on independent external valuation.</p> <p>We identified valuation of the Company's Investment properties as a key audit matter because the determination of the fair values involve significant judgement and estimation; particularly in selecting the appropriate valuation methodology, assumptions and valuation basis.</p>	<p>We assessed the Company's process for the selection of the external valuer, the determination of the scope of work and the review and acceptance of the valuations reported by the valuer.</p> <p>We considered the qualifications and competence of the external valuer, read the terms of engagement of the valuer with the Company to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.</p>

	<p>We also considered the valuation methodologies used against those applied by other valuers for similar property types.</p> <p>We reviewed the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.</p>
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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.

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.

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

Report on the audit of financial statements - Continued

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.



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**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

29 March, 2018





Learn Africa Plc

Audit Committee's Report

For the year ended 31st December 2017

**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 31st December, 2017 are adequate.
- We are satisfied with the External Auditors' Management Report for the year ended 31st December 2017, as well as the response of the Management thereto.

Dated: 21st March 2018

SUP.SNR.EVANGELIST (DR) A.O OMOJOLA

Chairman, Audit Committee

FRC/2013/CIBN/0000002341

Members of the Audit Committee

- | | | |
|--|---|------------------------|
| 1. Sup. Snr. Evangelist (Dr.) A.O. Omojola | - | Shareholder/Chairman |
| 2. Mrs Mary Joke Shofolahan | - | Shareholder |
| 3. Oguntoye Olusegun David | - | 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 2017**

	Notes	2017 N'000	2016 N'000
Revenue	4	2,485,531	2,009,852
Cost of sales	5.3	(1,143,397)	(1,013,116)
Gross profit		1,342,134	996,736
Other operating Income	5.1	138,099	58,217
Selling and distribution expenses	5.4	(340,302)	(265,290)
Administrative expenses	5.5	(823,398)	(665,722)
Operating profit		316,533	123,941
Finance cost	5.7	(34,143)	-
Finance income	5.2	14,299	10,373
Profit before taxation		296,689	134,314
Income tax (expense)/credit	6.1	(29,803)	102,845
Profit for the year		266,886	237,159
Other Comprehensive Income net of tax		-	-
Total comprehensive income for the year net of tax		266,886	237,159
Earnings per share			
Basic earnings per share	7	35	31

See notes to the financial statements

LEARN AFRICA PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		2017 N'000	2016 N'000
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	8	233,910	274,931
Investment property	9	297,200	241,500
Intangible asset	10	14,198	9,838
Deferred tax asset	6.4	170,997	119,704
Prepayments and other assets	11.2	26,303	7,507
		742,608	653,480
Current assets			
Inventories	12	1,574,701	1,823,169
Trade and other receivables	13	1,477,500	1,188,856
Prepayments and other assets	11.2	107,808	17,085
Cash and cash equivalents	14	486,153	957,093
		3,646,162	3,986,203
Total assets		4,388,770	4,639,683
Equity and liabilities			
Equity			
Issued share capital	15	385,725	385,725
Share premium	15	1,940,214	1,940,214
Asset revaluation reserve	15	67,703	67,703
Retained earnings		778,128	588,387
Total equity		3,171,770	2,982,029
Current liabilities			
Trade and other payables	17	927,017	1,539,185
Income tax payable	16.2	81,096	16,858
Provisions	18	100,861	101,611
Interest bearing loans and borrowings	19.2	71,510	-
		1,180,484	1,657,654
Non current liabilities			
Interest bearing loans and borrowings	19.2	36,516	-
		36,516	-
Total liabilities		1,217,000	1,657,654
Total equity and Liabilities		4,388,770	4,639,683

Approved by the Board on 22 March 2018 and signed on its behalf by:



Chief Emeke Iwerebon
FRC/2014/IODN/00000002046



Alhaji Hassan Bala
FRC/2017/IODN/00000015071



Cordelia Ojeile
FRC/2014/ICAN/00000002038

See notes to the financial statements

LEARN AFRICA PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued Capital N'000	Share Premium N'000	Asset Revaluation Reserve N'000	Retained Earnings N'000	Total N'000
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	385,725	1,940,214	67,703	588,387	2,982,029
As at 1 January 2017	385,725	1,940,214	67,703	588,387	2,982,029
Profit for the year	-	-	-	266,886	266,886
Dividend (note 16)	-	-	-	(77,145)	(77,145)
At 31 December 2017	385,725	1,940,214	67,703	778,128	3,171,770

See notes to the financial statements

LEARN AFRICA PLC**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 N'000	2016 N'000
Operating activities			
Profit before taxation		296,689	134,314
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	8	55,767	60,950
Amortisation of intangible assets	10	2,840	1,967
(Gain)/loss on sale of property, plant and equipment		(19,895)	7,206
Write off of investment properties	9	61,500	-
Valuation gain from investment property	9	(99,147)	(4,500)
Inventory write-off	5.3	21,765	14,699
Prepayment utilized in the year	11	143,939	91,734
Finance cost	5.7	16,518	-
Finance income	5.2	(14,299)	(10,373)
		-----	-----
		465,377	295,997
Increase/(decrease) in inventories		226,704	(272,087)
Increase in trade and other receivables		(288,644)	(294,145)
Increase in trade and other payables		(630,598)	793,779
Increase in loans and borrowings		108,026	-
Increase in provisions		(750)	19,944
		-----	-----
		(119,585)	543,488
Tax paid	6.2	(16,858)	(14,963)
Prepayment additions	11	(371,124)	(90,152)
Unclaimed dividend	17.2	18,429	12,162
		-----	-----
Net cash flows (used in)/from operating activities		(489,138)	450,535
		-----	-----
Investing activities			
Interest received	5.2	14,299	10,373
Proceeds from sale of property, plant and equipment		44,750	5,953
Purchase of property, plant and equipment	8	(39,601)	(64,646)
Purchase of investment property		(18,053)	-
Purchase of intangible assets	10	(7,200)	(5,389)
		-----	-----
Net cash flows used in investing activities		(5,805)	(53,709)
		-----	-----

LEARN AFRICA PLC

STATEMENT OF CASH FLOWS - Continued
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 N'000	2016 N'000
Financing activities			
Finance cost		(16,518)	-
Proceeds from loan		117,666	-
Dividend paid	16	(77,145)	-
		-----	-----
Net cash flows from financing activities		24,003	-
		-----	-----
Net (decrease)/increase in cash and cash equivalents		(470,940)	396,826
Cash and cash equivalents at 1 January		957,093	560,267
		-----	-----
Cash and cash equivalents at 31 December	14	486,153	957,093
		=====	=====

See notes to the financial statement

NOTES TO THE FINANCIAL STATEMENTS

1. The Reporting Entity

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 annually. 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 2017 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 18 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. The useful lives and residual values of these intangible assets are assessed and reviewed every year. 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**

Asset category	Useful lives (Years)
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 per share

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

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit 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.

The company operates credit sales policy to its business partners in varying degrees. The credit period starts from the date of delivery. Variation to this payment is considered depending on the type of customers, the sales history as well as payment history.

- **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.

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

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.

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.

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

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.

2.2. Summary of significant accounting policies - Continued**2.2.9 Provisions – Continued****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.

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

2.2. Summary of significant accounting policies - Continued**2.2.11 Investment properties - Continued**

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 valuers, 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.

2.2.12 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 2016. 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.

2.2. Summary of significant accounting policies - Continued**2.2.12 Employee Benefits - Continued****(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) Asset revaluation reserves

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

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.

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

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

1. IFRS 15 - Revenue from Contracts with customers – 1 January 2018
2. IFRS 9 – Financial instruments – 1 January 2018
3. Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions – 1 January 2018
4. Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - 1 January 2018
5. Amendments to IAS 40: Transfers of Investment Property – 1 January 2018
6. IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration – 1 January 2018
7. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
8. 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 – 1 January 2018
9. IAS 7 Disclosure Initiative – Amendment to IAS 7.
10. IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12.
11. IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint.
12. Venture – Amendments to IFRS 10 and IAS 28
13. IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
14. IFRS 16 – Leases – 1 January 2019
15. Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture – Effective date has been deferred indefinitely
16. IFRS 17 – Insurance Contracts – 1 January 2021
17. IFRS 1 – First Time Adoption of International Financial Reporting Standards – Deletion of Short-term exemptions for first-time adopters – 1 January 2018.

The company intends to adopt these standards, if applicable, when they become effective. The following have been identified to be applicable to the Company's financial statements:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and 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.

3.1 Standards issued but not yet effective – Continued

The Company plans to adopt the new standard on the required effective date and will not restate comparative information. Shortly before finalising the 2017 financial statements, the Company performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company will adopt IFRS 9.

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 an increase in the loss allowance resulting in a negative impact on equity as discussed below. There will be no changes in the classification and measurement of financial assets and financial liabilities.

(a) Classification and measurement

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

Debt instruments classified as loans and receivables

Under IAS 39, the Company has the following debt instruments which are classified under loans and receivables:

- Trade receivables
- Bank balances
- Fixed placements

These debt instruments are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. Therefore, reclassification of these instruments is not required. In addition, the measurement basis for these debt instruments will continue to be amortised cost, thus leading to no change in the current practice.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt instruments including receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record a lifetime expected credit loss on all trade receivables that do not have significant financing component. For all other debt instruments other than trade receivables, the Company will apply general approach under which financial assets are classified into three stages i.e. stage 1, stage 2 or stage 3 depending on whether or not the credit risk of the financial asset has increased significantly. The Company has determined that, due to the unsecured nature of its debt instruments and trade receivables, the loss allowance will not increase significantly as most receivables have been impaired at 100% under incurred loss model.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, 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. The Company plans to adopt the new standard on the required effective date using the either of the methods which will be selected during the implementation phase.

Shortly before finalising the 2017 financial statements, the Company performed a detailed assessment of IFRS 15 and the outcome of this assessment is described below.

The Company is in the business of publishing and distribution of educational materials for all levels of learning – Nursery, Primary, Secondary and Tertiary.

a) Sale of goods

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur over time and point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

3.1 Standards issued but not yet effective – Continued

In preparing to adopt IFRS 15, the Company is considering the following:

(i) Contract modification

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. Under the current standard, the Company has a contract agreement that has modification clause to the scope of the contract in any one or more of the following:

- Designs, or specification;
- The method of packaging;
- The place of delivery; and/or
- The services to be provided by the publisher.

Modifications are currently been recognised as separate contracts under the current standard. However, under IFRS 15, a contract modification exists when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Company modifies the scope of contract initially agreed and signed with customers. When the customer wishes to change the design and specification, place of delivery, method of packaging etc.

This our assessment shows that the Company will have to account for the contract modification when the need arise by adjusting the transaction price and the entity's measure of progress towards complete satisfaction of the performance obligation. This will be will be recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis). At the reporting date, contracts not completed are not modified. However, the Company will need develop clear accounting policy on contract modifications.

(ii) Series of distinct goods and services

The Company delivers its bulk order promised goods in batches to various customer destinations. The promised goods is usually transferred to customers in batches based on availability of goods.

A series of distinct goods or services has the same pattern of transfer to the customer if both of the following criteria are met:

- each distinct good or service in the series that the entity promises to transfer to the customer would meet the criteria in paragraph 35 to be a performance obligation satisfied overtime; and
- the same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

The Company currently does not assess its promises as series of goods. Unit delivered are applied to the price to recognise revenue at any point the quantities are delivered. However, under IFRS 15, the Company will need to recognize its revenue over time with an appropriate measure of progress. This measure will be most likely be based on quantity of delivered and evidenced by submission of claims supported by the acceptance certificate signed by appropriate official. By implication, the envisaged impact may be considerably low as the Company raises invoices based on quantity delivered to customer as currently assessed under IAS 18.

(iii) Contract enforceability and termination clauses

On a timely basis, the Company enters into contracts with its government agencies. In these contracts, termination clauses are clearly specified. The Company has entered into a valid contract for all signed Agreement and remains binding on the contracting parties for the specified contract duration without any simple termination clause because both parties to the contract have present enforceable rights and obligations throughout the contract period. Under the current standard, the assessment of termination clauses is not of paramount importance as revenue are recognised based on the units of products delivered. Thus, the Company recognizes revenue when risk and reward passes to the buyer as products are delivered to the buyer.

IFRS 15 explains that a contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). Additionally, for implied contracts, the Company may be required to account for contracts with stated terms as month-to-month (or possibly a shorter duration) contracts if the parties can terminate the contract without penalty. The Company's revenue assessment under IFRS 15 clearly shows that the contracts are binding on all parties throughout the duration of the contract and as such contract period is as stated in the contract. The Company is expected to measure its revenue under IFRS 15 overtime using a measure of progress. However, adoption of IFRS 15 by the Company is not expected to have any impact on the Company's revenue and profit or loss. Measuring progress using output method (as anticipated) is not expected to be significantly different from revenue recognised

3.1 Standards issued but not yet effective – Continued

under the current standard. The Company will need develop clear accounting policy to evaluate termination clauses and any related termination payments (if any).

(iv) Advances received from customers

The Company receives advance payment for bulk purchase of educational materials from government agencies after presenting advance payment guarantee from reputable banks.

Generally, this advances are short-term in nature and they are presented as part of Trade and other payables. However, from time to time, the Company may receive from customers long-term advances.

Under the current accounting policy, the Company presents such advances as deferred revenue under the non-current liabilities heading in the statement of financial position. No interest was accrued on the long-term advances received under the current accounting policy.

Under IFRS 15, the Company must determine whether there is a significant financing component in its contracts.

However, the Company decided to use the practical expedient provided in IFRS 15, and will not adjust the promised amount of the consideration for the effects of a significant financing components in the contracts, where the Company expects, at contract inception, that the period between the Company transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short-term advances, the Company will not account for a financing component even if it is significant.

Based on the nature of the goods and the purpose of payment terms, the Company determined that for the vast majority of the contracts that require customers to pay long-term advances, the payment terms were structured primarily for reason other than the provision of finance to the Company, i.e. advances are generally required from new customers, as well as customers with a history of late payments, they do not provide customers with an alternative to pay in arrears. In addition, the length

of time between when the customer pays for the goods and the Company transfers goods to the customer is relatively short. Therefore, the Company has concluded that there is not a significant financing component in these contracts.

In line with IFRS 15 such amounts are treated as contract liabilities. On adoption of IFRS 15, such advances will be reclassified to Contract liabilities. However, at the end of this reporting period, there are no advances collected from customers and thus nothing to reclassify.

(v) Measure of progress

The Company currently recognizes revenue on performance obligation satisfied over time based on quantity of good delivered and evidenced by submission of claims supported by the acceptance certificate signed by appropriate official. IFRS 15 requires that appropriate measure of progress must be selected by the Company to depict there performance towards complete satisfaction of a performance obligation. Such methods may include either input or output methods. Additionally, in determining the appropriate method for measuring progress, an entity shall consider the nature of the good that the entity promised to transfer to the customer. The Company would measure its progress toward satisfaction of the performance obligation using the same measure of progress for each distinct good or service in the series.

However, units delivered as an output method appropriately depicts how Learn Africa Plc transfers control to its customer. Thus, on adoption of IFRS 15, we do not envisage any impact on revenue recognised.

b) Cost to fulfill a contract

The Company incurs cost to obtain contracts from governments such as tender and contract signing fees, contract documentation fees, and administrative fees Also, incurs some cost to enhance its business relationship with customers by providing Christmas hampers and Salah hampers. Currently, the Company recognises such costs as selling and distribution expenses.

However, when assessed under IFRS 15, these costs do not meet the definition of costs to fulfil a contract and as such expected to be accounted for as costs to be expensed when incurred and not capitalized. This conclusion is arrived at with the assessment of the following:

- i. Such costs neither relate directly to a contract nor to a specifically identifiable anticipated contract.
- ii. The costs does not generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- iii. The costs are not expected to be recovered.

Thus similar accounting treatment is expected under IFRS 15. The Company will need develop clear accounting policy to capture cost to fulfil a contract.

c) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required

3.1 Standards issued but not yet effective – Continued

in the Company's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Company has assessed that the impact of some of these disclosures requirements will be significant. In particular, the Company expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include how the transaction price has been allocated to the performance obligations. Also, extended disclosures are expected as a result of the significant judgement made when assessing the contracts where the Company has concluded that: there is a significant financing component. In addition, as required by IFRS 15, the Company will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2017 the Company continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

However, the Company does not have any lease contracts under operating leases.

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.

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

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.

3.2 The following relevant new and amended standards have become effective for the current year

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.

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.

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.

Annual Improvements Cycle – 2014 – 2016 Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12. These amendments clarify the scope of the disclosure requirements in IFRS 12. The amendments require that the disclosure requirements in IFRS 12 (other than those in paragraphs B10 –B16 relating to the presentation of summarised financial information) apply to interest in a subsidiary, a joint venture or an associate that is classified (or included in a disposal group that is classified) as held for sale.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. The amendments will also not affect the current periods.

NOTES TO THE FINANCIAL STATEMENTS - Continued

4. Revenue

These were sales from different depots and area offices in the zones

	2017 N'000	2016 N'000
Head office	335,041	89,233
Northern zone	586,225	499,146
Eastern zone	526,541	511,634
Southern zone	1,037,724	909,839
	-----	-----
	2,485,531	2,009,852
	=====	=====

5. Other income and expenses

	2017 N'000	2016 N'000
5.1 Operating income		
Net gain on disposal of PPE	19,895	-
Valuation gain from investment properties	99,147	4,500
Royalty write back *	-	53,717
Gain on related party loan**	18,667	-
Others	390	-
	-----	-----
	138,099	58,217
	=====	=====

*In 2016, 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 was of the opinion that the accrued royalties will no longer be paid.

**During the year, the Company obtained a loan from a related party at interest rate of 8% which is below the market rate, the market rate of 22% was used and the difference between the fair value and the contractual amount of the loan was recognised as benefit of related party loan in interest income on loans and borrowings.

	2017 N'000	2016 N'000
5.2 Finance income		
Interest received on cash deposit	14,299	10,373
	=====	=====
5.3 Cost of sales		
Cost of publications	911,024	849,744
Royalties	163,246	95,727
Plant depreciation	47,363	52,946
Inventory write off	21,765	14,699
	-----	-----
	1,143,397	1,013,116
	=====	=====
5.4 Selling and distribution expenses		
Travelling	87,034	64,990
Motor repairs	81,631	72,851
Advert and publicity	129,013	77,995
Freight	11,761	13,257
Depreciation	30,863	36,198
	-----	-----
	340,302	265,291
	=====	=====

5. Other income/expenses and adjustments - Continued

	2017 N'000	2016 N'000
5.5 Administrative expenses		
Amortisation of intangible assets	2,840	1,967
Audit fee	9,000	9,000
Allowance for impairment on receivable	26,351	20,000
Bank charges	18,982	12,266
Depreciation	24,899	24,752
Employee benefits (Note 5.6)	356,870	370,135
Exchange loss	99,810	1,209
Interconnectivity and branding	7,683	8,237
Legal and Professional fee	45,558	33,601
Net loss on disposal of property, plant and equipment	-	7,206
Office printing and stationery	8,163	8,066
Operating lease expense	18,301	26,251
Other administrative expenses	34,363	39,979
Security	25,401	25,284
Rates	3,545	6,346
Repairs and maintenance	65,837	55,860
Telecommunication	13,595	15,563
Write-off of investment properties	61,500	-
	823,398	665,722
	=====	=====

Included in legal and professional fee are tax consulting fee of ₦2,000,000 (2016: ₦2,000,000) and IFRS impact assessment review fee of ₦3,500,000 (2016: Nil). This services were 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.

5.6 Employee benefits expense

	2017 N'000	2016 N'000
Short- term employee benefits	338,597	351,662
Pension contribution	18,273	18,473
	-----	-----
Total employee benefits expense	356,870	370,135
	=====	=====

5.7 Finance cost

Interest expense on loans and borrowing (Note 19)	17,625	-
Interest expenses on overdraft	16,518	-
	-----	-----
	34,143	-
	=====	=====

6. Taxation**6.1 Income tax recognised in profit or loss**

	2017 N'000	2016 N'000
Current income tax:		
Company income tax	68,784	16,858
Education tax	10,337	-
Capital gains tax	1,975	-
	-----	-----
	81,096	16,858
Deferred tax:		
Relating to origination and reversal of temporary difference (Note 6.4)	(51,293)	(119,704)
	-----	-----
	29,803	(102,846)
	=====	=====

6.2 Statement of financial position

At 1 January	16,858	25,730
Amounts recorded in profit or loss	81,096	16,858
Payments during the year	(16,858)	(14,963)
Withholding tax utilised	-	(10,767)
	-----	-----
At 31 December	81,096	16,858
	=====	=====

6.3 Reconciliation between tax expense and accounting profit

Accounting profit before tax	296,689	134,314
	=====	=====
Statutory income tax rate of 30%	89,007	40,294
Utilisation of previously unrecognised tax credits	(86,273)	(75,932)
Disallowable expenses	32,383	37,203
Non taxable income	(17,626)	(121,269)
Capital gains tax	1,975	-
Education tax	10,337	-
Minimum tax	-	16,858
	-----	-----
At the effective income tax rate	29,803	(102,845)
	=====	=====
Effective tax rate	10%	(77%)
	=====	=====

6.4 Deferred tax asset

At 1 January	(119,704)	-
Relating to origination and reversal of temporary differences	(51,293)	(119,704)
	-----	-----
At 31 December	(170,997)	(119,704)
	=====	=====

6. Taxation - Continued

	2017 N'000	2016 N'000
6.5 Deferred tax		
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	58,840	65,489
Impairment on receivables	(104,461)	(101,653)
Provisions	(30,258)	(30,483)
Trade payable - unrealised exchange loss	(29,943)	(363)
Unrealised gain in fair value on investment properties	29,014	23,444
Unrelieved tax losses	-	(76,138)
Inventories – write down to net realisable value	(94,189)	-
	-----	-----
	(170,997)	(119,704)
	=====	=====

7. Earnings per share

Earnings per share amounts are calculated by dividing net profit 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 per share computations

	2017 N'000	2016 N'000
Net profit attributable to ordinary equity holders	266,886	237,159
	=====	=====
Weighted average number of ordinary shares for basic profit per share	771,450	771,450
	=====	=====
Basic earnings per share (kobo)	35	31

NOTES TO THE FINANCIAL STATEMENTS - Continued

8. Property, Plant and equipment

Cost	Leasehold Land and Building N'000	Plant and Machinery N'000	Motor Vehicles N'000	Motor Trucks N'000	Furniture and Fittings N'000	Computer Hardwares N'000	Total N'000
At 1 January 2016	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 2017	162,819	104,698	296,769	87,890	151,700	71,336	875,212
Additions		3,288	32,743	-	1,278	2,292	39,601
Disposals	(25,000)	-	-	-	-	-	(25,000)
At 31 December 2017	137,819	107,986	329,512	87,890	152,978	73,628	889,813
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

NOTES TO THE FINANCIAL STATEMENTS - Continued

8. Property, Plant and equipment – Continued

	Leasehold, Land and Building N'000	Plant and Machinery N'000	Motor Vehicles N'000	Motor Trucks N'000	Furniture and Fittings N'000	Computer Hardwares N'000	Total N'000
Depreciation and impairment							
At 1 January 2017	49,474	77,582	231,957	76,770	105,578	58,920	600,281
Depreciation charge for the year	2,892	5,637	23,267	7,600	11,704	4,666	55,767
Disposal	(145)	-	-	-	-	-	(145)
At 31 December 2017	52,241	83,219	255,224	84,370	117,282	63,586	655,903
Net book value							
At 31 December 2017	85,578	24,766	74,288	3,520	35,696	10,042	233,910
At 31 December 2016	113,345	27,116	64,812	11,120	46,122	12,416	274,931

There were no restrictions on the company's property, plant and equipment as at 31 December 2017.

9. Investment properties

	Land N'000	Building** N'000	Total N'000
At 1 January 2016	175,500	61,500	237,000
Net gain on fair value adjustment	4,500	-	4,500
At 31 December 2016	180,000	61,500	241,500
Additions	-	18,053	18,053
Write off	-	(61,500)	(61,500)
	180,000	18,053	198,053
Fair value gains	90,000	9,147	99,147
At 31 December 2017	270,000	27,200	297,200
	=====	=====	=====

** The building is currently under construction

The company owns two building investment properties which are residential building in Ikeja, Lagos Nigeria. There was no rental income in 2017 (2016: Nil) as the property was not occupied by any tenant due to the on-going renovation of the building that commenced in the financial year by a preferred contractor that was engaged by the Company. In the current year, the existing buildings were completely pulled down and a construction of a new building was commenced, which Management intend to sell after completion. At the year end, the company engaged an independent valuers to fair value the investment properties which comprise the land and the building under construction and the changes in fair value was recognised in the profit or loss.

The company has no restrictions on the realisability of its investment properties. The investment properties are stated at fair value, which has been determined, based on valuation performed by Chudi Ubosi – FRC/2014/NIESV/00000003997 of UBOSI ELEH + Co. as at the reporting date. UBOSI ELEH + Co is a 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:

- That the information which the valuation is based on are correct;
- That the title to the properties are good and marketable;
- That the property is not adversely affected by or subject to compulsory acquisition, road widening, new proposal or planning scheme;
- 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 willing buyer;
- a reasonable period within which to negotiate the sale taking into account the nature of the assets and the state of the market;
- values will remain static throughout the period;
- the assets will be freely exposed to the market;
- no account is to be taken of an additional bid by a special purchaser;
- 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)	
			2017	2016
			N	N
Residential property	Market comparable method	Estimated price per square meters adjusted for the nature, location and conditions of the investment properties	97,598-134,565	75,165-100,343

Significant increases / (decreases) in estimated price per square meter in isolation would result in a significantly higher / (lower) fair value.

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.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) 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.

10. Intangible assets

	Computer Software	
	2017	2016
	N'000	N'000
Cost		
At 1 January	9,838	6,416
Additions	7,200	5,389
At 31 December	17,038	11,805
Amortisation and impairment		
Amortisation	2,840	1,967
At 31 December	2,840	1,967
Net book value		
At 31 December	14,198	9,838
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - Continued

11. Prepayments and other assets	2017 N'000	2016 N'000
11.1 Prepayment		
At 1 January	24,592	26,174
Additions	253,458	90,152
	-----	-----
	278,050	116,326
Current portion amortisation	(143,940)	(91,734)
	-----	-----
	134,111	24,592
	=====	=====
11.2 Classification of payments		
Non-current portion		
Prepaid rent	26,303	7,507
Current portion		
Prepaid rent	8,196	17,085
Other assets*	99,612	-
	-----	-----
At 31 December	107,808	17,085
	-----	-----
Total prepayments	134,111	24,592
	=====	=====

*Other assets relate to deposit made to a third party for the construction of investment property for the Company.

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 N8.2 million (2016: N17.1 million).

12. Inventories	2017 N'000	2016 N'000
Raw materials	3,880	24,584
Work- in -progress	67,416	99,881
Finished goods	1,501,833	1,698,479
Consumables	1,572	225
	-----	-----
	1,574,701	1,823,169
	=====	=====

Inventory write-down that was recognised in cost of sales in 2017 was N21,764,942 (2016: N14,699,000). Inventories are valued at the lower of cost and net realisable value less costs to sales.

13. Trade and other receivables	2017 N'000	2016 N'000
Trade receivables	1,700,872	1,401,447
Less: impairment of doubtful receivables	(348,202)	(338,845)
	-----	-----
	1,352,670	1,062,602
Withholding tax recoverable	121,128	120,632
Other receivable*	3,702	5,622
	-----	-----
	1,477,500	1,188,856
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - Continued

13. Trade and other receivables – Continued

*This consists mainly of receivable from the Bank on a cheque warrant yet to be honoured.

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.

As at 31 December 2017, trade receivables of an initial value of ₦348,202,000 (2016: ₦338,845,000) 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
At 1 January 2016	716,797	-	716,797
Charged for the year	20,000	-	20,000
Write-off	(397,952)	-	(397,952)
	-----	-----	-----
At 31 December 2016	338,845	-	338,845
Charge for the year	26,351	-	26,351
Write-off	(16,994)	-	(16,994)
	-----	-----	-----
At 31 December 2017	348,202	-	348,202
	-----	-----	-----

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
2017	1,352,670	311,114	486,961	378,748	175,847
2016	1,062,602	115,645	86,374	670,125	190,458

14. Cash and cash equivalents

	2017 ₦'000	2016 ₦'000
Cash at banks and in hand	207,254	843,581
Short-term deposit	278,899	113,512
	-----	-----
	486,153	957,093
	=====	=====

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.

NOTES TO THE FINANCIAL STATEMENTS - Continued

15. Issued share capital and reserves

	2017 N'000	2016 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 =====
Revaluation 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

	2017 N'000	2016 N'000
Dividends on ordinary shares:		
At 1 January	-	-
Final dividend for 2016: 10k per	77,145	-
Dividend paid during the year	(77,145)	-
	-----	-----
At 31 December	-	-
	=====	=====

17. Trade and other payables

Trade payable	453,707	1,125,462
Royalties (Note 17.1)	306,006	290,048
Unclaimed dividend (Note 17.2)	94,926	76,497
Withholding tax	17,338	20,410
Other payables*	55,040	26,768
	-----	-----
	927,017	1,539,185
	=====	=====

*Other payables comprises mainly of deposit made on account by customers yet to be identified.

Reconciliation of changes in trade and other payables included in the statement of cash flow

Movement in trade and other payables	612,168	(805,941)
Movement in unclaimed dividend (Note 17.2)	18,429	12,162
	-----	-----
Changes in trade and other payables per statement of cash flow	630,597	(793,779)
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - 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 2017	1-60 Days N'000	61-120 days N'000	> 120 days N'000	Total N'000
Trade payables	291,422	154,350	7,935	453,707
Other payables	55,040	-	-	55,040
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

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 2017	1-60 Days N'000	61-120 days N'000	> 120 days N'000	Total N'000
Royalties payables	143,656	96,433	65,917	306,006
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

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:

	2017 N'000	2016 N'000
At 1 January	76,497	64,335
Receipt from company Registrar	18,429	12,162
At December	94,926 =====	76,497 =====

S/N	AMOUNT OF DIVIDEND DECLARED	TOTAL DIVIDEND PAID T DATE	DATE OF PAYMENT	UNCLAIMED DIVIDEND	90% REMITTANCE
	NGN	NGN		NGN	NGN
1	17,638,963	17,568,291	28.06.2004	70,672	66,152
2	36,750,340	36,476,341	04.07.2005	273,999	253,207
3	44,100,408	43,797,484	03.07.2006	302,924	283,219
4	45,360,000	44,419,038	02.07.2007	940,962	865,631
5	113,400,000	110,818,241	08.08.2008	2,581,759	2,508,542
6	170,986,000	162,524,676	08.06.2009	8,461,324	7,925,659
7	170,100,000	170,085,052	07.06.2010	14,948	13,453
8	85,052,363	73,668,140	15.08.2011	11,384,223	11,212,672
9	173,576,250	149,410,904	09.04.2012	24,165,346	23,276,921
10	139,003,738	120,751,599	31.05.2013	18,252,139	17,929,825
11	83,412,750	71,009,118	06.06.2014	12,403,632	12,161,697
12	83,614,772	64,087,424	05.06.2015	19,527,348	18,428,841
				98,379,276	94,925,819

18. Provision

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

	2017 N'000	2016 N'000
At 1 January	101,611	81,666
Utilised during the year	(20,750)	-
Arising during the year	20,000	19,945
	-----	-----
At 31 December	100,861	101,611
	=====	=====

19.1 Loans and borrowings

	Interest rate	Maturity	2017 N'000	2016 N'000
Interest bearing loan	22%	Dec. 2019	108,026	-

₦117 million related party loan

During the financial year, the Company obtained a below market rate loan of ₦117 million from a related party at 8%. The loan was measured at fair value with effective interest rate of 22%, the unwinding charge on the loan is expensed in finance costs.

	2017 N'000	2016 N'000
At 1 January	-	-
Additions	108,026	-
	-----	-----
At December	108,026	-
	=====	=====

19.2 Classification of loans and borrowings

Non-current portion	71,510	-
Current portion	36,516	-
	-----	-----
At 31 December	108,026	-
	=====	=====

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:

- 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.

20. Determination of fair value - Continued
At 31 December 2017

	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)	31.12.2017	297,200			297,200

Liabilities measured at fair value

Interest bearing loans and borrowings (Note 19)	108,026	108,026
---	---------	---------

At 31 December 2016

Assets measured at fair value

Investment properties (Note 9)	31.12.2016	241,500	241,500
--------------------------------	------------	---------	---------

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	
	2017 ₦'000	2016 ₦'000	2017 ₦'000	2016 ₦'000
Financial assets				
Trade receivable	1,352,670	1,062,602	1,352,670	1,062,602
Investment properties	297,200	241,500	297,200	241,500
Financial liabilities				
Interest bearing loans and borrowings	117,666	-	108,026	-

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 2016: 27%) obtainable in the active market as at 31 December 2017.
- The investment property is estimated based on the certified valuers 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.

21 Related party balances**Learn Africa Education Development Foundation (LAEDF)**

Learn Africa Education Development Foundation is a CSR initiatives of Learn Africa Plc. The Foundation was established in 2012 to among others promote learning and encourage academic excellence in the country.

In the current year, a loan of ₦117 million was obtained from LAEDF at 8% interest rate payable after 3 years. The loan was measured at fair value with effective interest rate of 22%, the unwinding charge on the loan is expensed in finance costs.

22. Compensation of key management personnel of Learn Africa Plc

	2017	2016
	₦'000	₦'000
Short-term employee benefits	57,653	49,383
Post employment benefits	4,565	3,932
	-----	-----
	62,218	53,315
	=====	=====

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:	2017	2016
	₦'000	₦'000
Directors' emoluments comprise:		
Fees as Directors	1,920	1,920
Others	40,310	32,669
Pension contribution	2,644	1,834
	-----	-----
	44,874	36,423
	=====	=====
Chairman	2,112	2,112
Highest paid Director	15,383	7,673
	=====	=====

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

	2017	2016
	Number	Number
₦		
Less than - 3,000,000	4	4
3,000,001 - 3,500,000	-	-
3,500,001 - 5,000,000	-	-
5,000,001 - 7,500,000	-	-
7,500,001 - 9,000,000	2	3
9,000,001 - 15,000,000	-	-
15,000,001 and above	1	-

NOTES TO THE FINANCIAL STATEMENTS - Continued

22. Information relating to employees

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

	2017 Number	2016 Number
Management (Directors)	3	3
Publishing and distribution	29	26
Sales and marketing	91	78
Administration	57	50
	-----	-----
	180	157
	===	===

22b. The numbers of employees in receipt of emoluments excluding allowances within the following ranges were:

	2017 Number	2016 Number
₦ ₦		
650,001 – 700,000	-	2
700,001 – 750,000	-	3
750,001 – 800,000	2	5
800,001 – 900,000	30	37
900,001 – 1,000,000	28	6
1,000,001 – 1,100,000	21	25
1,100,001 – 1,200,000	26	12
1,200,001 – 1,300,000	4	7
1,300,001 – 1,400,000	9	13
1,400,001 – 1,500,000	6	10
1,500,001 – 2,000,000	35	24
2,000,001 – 3,500,000	11	6
3,500,001 – 5,500,000	5	4
Above 5,500,000	3	3
	-----	-----
	180	157
	===	===

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.

23. Financial risk management – Continued

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:

(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 2017, the Company had 164 customers (2016: 145 customers) that owed the Company more than ₦1,000,000 each and accounted for approximately 52% (2016: 60%) of all receivables owing. There were 8 customers (2016: 12 customers) with balances greater than ₦10,000,000 accounting for just over 35% (2016: 41%) 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 2017 and 2016 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 as a result of payable to foreign publishers. The Naira carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

NOTES TO THE FINANCIAL STATEMENTS - Continued

23. Financial risk management – Continued

	2017 N'000	2016 N'000
LIABILITIES		
Currency of USA (USD)	317,727	911,929
Currency of Britain (GBP)	4,880	3,980
ASSETS		
Currency of USA (USD)	5,057	1,056
Currency of Britain (GBP)	4,452	275

	Changes in US Dollars Rate	Effect on profit before tax N'000
2017	(+5%)	854
	(-5%)	(754)
2016	(+5%)	2,048
	(-5%)	(2,048)

	Changes in Pounds	Effect on profit before tax N'000
2017	(+5%)	614
	(-5%)	(679)
2016	(+5%)	2,518
	(-5%)	(2,518)

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. The analysis of the financial assets and liabilities have been disclosed in Notes 13 and 17 respectively.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted amounts:

Year ended 31 Dec 2017

	On Demand N '000	Less than 1 N '000	1 - 5years N '000	Total N '000
Financial assets				
Trade and other receivables*	1,352,670	-	-	1,352,670
	-----	-----	-----	-----
	1,352,670	-	-	1,352,670
	=====	=====	=====	=====
Financial liabilities				
Trade and other payables**	508,747	-	-	508,747
Interest bearing loans and borrowings	90,847	41,409	-	132,256
	-----	-----	-----	-----
	599,594	41,409	-	641,003
	=====	=====	=====	=====

Year ended 31 Dec 2016

	On Demand N '000	Less than 1 N '000	1 - 5years N '000	Total N '000
Financial assets				
Trade and other receivables*	1,068,224	-	-	1,068,224
	-----	-----	-----	-----
	1,068,224	-	-	1,068,224
	=====	=====	=====	=====
Financial liabilities				
Trade and other payables**	1,152,230	-	-	1,152,230
	-----	-----	-----	-----
	1,152,230	-	-	1,152,230
	=====	=====	=====	=====

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

**This trade and other payables includes only the trade payable and other payables in note 17

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;

	2017 N'000	2016 N'000
Trade and other payables (Note 17)	927,017	1,539,185
Less: cash equivalents (Note 14)	(486,153)	(957,093)
	-----	-----
Net debt	440,864	582,092
	=====	=====
Equity	3,171,770	2,982,029
	=====	=====
Capital and Net debt	3,612,634	3,564,121
	=====	=====
Debt to equity ratio	12%	16%

25. Capital commitment

As at 31 December 2017 the company had no capital commitment (2016: 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

	Book Publishing	
	17-Dec N'000	16-Dec N'000
Revenue (External customer)	2,485,531	2,009,852
Finance income	14,299	10,373
Cost of sales	(1,143,397)	(1,013,116)
Other Income	138,099	58,217
Operating expenses	(1,163,700)	(931,012)
Finance Cost	(34,143)	-
Profit before taxation	296,689	134,314
Taxation	(29,803)	102,845
Profit after taxation	266,886	237,159

Segment statement of financial position

	Book Publishing	
	17-Dec N'000	16-Dec N'000
Total Non-current assets	742,608	653,480
Current assets	3,646,162	3,986,204
Total assets	4,388,770	4,639,683
Ordinary share capital	385,725	385,725
Share premium	1,940,214	1,940,214
Other capital reserve	67,703	67,703
Retained earnings	778,128	588,387
Non-current liabilities	36,516	-
Current liabilities	1,180,484	1,657,654
Total equity and liabilities	4,388,770	4,639,683

All revenue are earned locally in Nigeria across different states based on the location of the customers. All customers have sales below 10% of the total revenue of the Company. All Non-current assets are located in Nigeria. Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

27. Litigation and claims

There are litigations and claims against the Company as at 31 December 2017 amounting to ₦279 million (2016: ₦357 million). The claims are resulting from Suit No's. NICN/LA/240/2017, CA/C/323/2016 and NICN/LA/365/2017 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 1st Defendant was wrongful and actuated by the 2nd and 3rd Defendant. 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". Also, the third suit between Folashade Olaoluwa(the claimant) Vs Learn Africa Plc and Hassan Bala as the Managing Director alleging that she resigned her employment with Learn Africa as a result of intimidation, threat and harassment from the security agencies under the directive of the 2nd defendant. Her claim before the court is for the total sum of ₦9.2 million as her entitlement and gratuity.

Since a trial court have awarded ₦20 million as general damages to the plaintiff for the loss of the photocopy of the manuscript in respect of the 2nd suit, a provision was made in the financial statements for the said amount. Although, 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. No provision was made in the financial statements for the other contingent liabilities 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 2017

	2017 N'000	%	2016 N'000	%
Turnover	2,485,531		2,009,852	
Bought in goods & services				
Local	(985,188)		(982,199)	
Imported	(940,579)		(528,877)	
	-----		-----	
	559,764		498,776	
Other income	152,398		68,590	
	-----		-----	
Value added	712,162	100	567,366	100
	=====	===	=====	===
Applied as follows:		%		%
To pay employees:				
Salaries and labour related expenses	356,870	49	370,135	65
To government:				
Income tax	81,096	11	16,858	3
To provide for replacement of assets and expansion of business:				
Depreciation	55,767	8	60,950	11
Amortisation	2,840	1	1,967	-
Deferred tax	(51,293)	(7)	(119,703)	(21)
Retained in the business	266,886	37	237,159	42
	-----		-----	
	712,166	100	567,366	100
	=====	===	=====	===

The value added 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				
	2017	2016	2015	2014	2013
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of financial position					
Property, plant & equipment	233,911	274,931	284,394	304,610	330,442
Investment property	297,200	241,500	237,000	227,500	225,000
Intangible asset	14,198	9,838	6,416	9,329	11,404
Non-current prepayments	26,303	7,507	2,938	9,841	102,588
Net current assets	2,465,677	2,328,549	2,214,122	2,922,054	2,923,705
Deferred taxation	170,997	119,704	-	7,502	687
Loans and borrowings	(36,516)	-	-	-	-
	3,171,770	2,982,029	2,744,870	3,480,836	3,593,826
Shareholders' funds					
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	778,128	588,387	351,228	1,087,194	1,200,184
	3,171,770	2,982,029	2,744,870	3,480,836	3,593,826
Statement of comprehensive income					
Revenue	2,485,531	2,009,852	1,886,939	2,211,213	2,277,955
Profit/(loss) before taxation	296,689	134,314	(618,007)	2,958	125,711
Taxation	(29,803)	102,845	(25,385)	(23,374)	(47,121)
Profit/(loss) after taxation	266,886	237,159	(643,392)	(20,416)	78,590
Dividend declared	-	(77,145)	-	(92,574)	(92,574)
Per share data (kobo)					
Earnings/(loss) per share – Basic	35	31	(83)	(3)	10
Dividend per share	-	10	-	12	12