

LEARN AFRICA PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

LEARN AFRICA PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023

Content	Page
Financial highlights	i
Directors and other corporate advisers	ii
Report of the directors	iii
Audit committee's report	vi
Statement of directors' responsibilities	1
Statement of compliance	2
Independent auditor's report	3
Statement of financial position	8
Statement of profit or loss and other comprehensive income	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Other national disclosures	
Value added statement	57
Financial summary	58

LEARN AFRICA PLC

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 ₦'000	2022 ₦'000	Increase/ (decrease) %
Major financial position items:			
Share capital	385,725	385,725	-
Total assets	5,192,395	4,944,603	5
Revenue reserve	1,396,242	1,121,004	25
Shareholder funds	3,789,884	3,514,646	8
Major comprehensive income items:			
Turnover	3,472,592	3,698,162	(6)
Profit before taxation	606,735	574,236	6
Profit after taxation	429,532	401,582	7
Dividend (gross)	154,294	115,718	33
Information per 50k ordinary shares based on 771,450,000 ordinary shares:			
Earning per share (kobo)	56	52	7
Dividend per share (kobo)	20	15	33
Net assets per share (kobo)	5	5	-
Number of employees	181	168	8

LEARN AFRICA PLC

DIRECTORS AND OTHER CORPORATE ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

BOARD OF DIRECTORS	Chief Emeke Iwerebon Alhaji Hassan S. Bala Mr. Gbola Aiyedun Mrs. Cordelia Ojeile Mr. Frederick E. Ijewere Hajia Binta Bakari Mrs. Yetunde Aina Mrs. Egbichi Akinsanya Mr. Iyinoluwa Aboyeji	Chairman Managing Director Publishing Director Finance Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Non- Executive Director Non-Executive Director
SECRETARIES	Dcsl Corporate Services Limited (Corporate Secretaries) 235 Ikorodu Road Ilupeju, Lagos Tel: +234-809-0381-860 Website: www.dcs.com.ng	
REGISTERED OFFICE	52 Oba Akran Avenue, Ikeja, Lagos Website: www.learnafricaplc.com Tel: +234-8039-9912-547	
REGISTERED NUMBER	RC2637	
AUDITOR	PKF Professional Services, PKF House, 205A Ikorodu Road, Obanikoro, Lagos Nigeria	
REGISTRAR	First Registrars and investor services Limited Plot 2 Abebe Village Road, Iganmu P.M.B 12692, Lagos	
SOLICITORS	Citi Point Chambers (Legal Practitioners) 11, IPM Avenue Alausa, Lagos	Nnoli Lawrence Plot 5 Chief Yesefu Abiodun Road Victoria Island, 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 of Africa Plc Oba Akran Avenue Branch Ikeja, Lagos Guaranty Trust Bank Plc 33, Oba Akran Avenue Ikeja, Lagos.
INVESTMENT ADVISER	Cordros Capital Limited 70 Norman Williams Street Ikoyi, Lagos Tel: +23419049041 - +2347002673767	

LEARN AFRICA PLC

REPORTS OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023

The directors have pleasure in presenting their report together with the audited financial statements and other national disclosures of Learn Africa Plc ("the company") for the year ended 31 March 2023.

LEGAL FORM

The Company was incorporated in Nigeria under the Companies and Allied Matters Act as a Private Limited Liability Company in Nigeria in 1961. It also commenced business operations that same year. The Company was converted to a Public Limited Liability Company on 28 May 1991 and its shares listed on the Nigerian Exchange Limited on 23 July 1996.

PRINCIPAL ACTIVITIES

The principal activities of the Company are 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 in the year under review.

RESULTS FOR THE YEAR

	2023 N'000	2022 N'000
Revenue from contract with customers	<u>3,472,592</u>	<u>3,698,162</u>
Profit before taxation	606,735	574,236
Income tax expense	<u>(177,203)</u>	<u>(172,654)</u>
Profit after taxation	<u>429,532</u>	<u>401,582</u>

Dividend

The Directors, in submitting to the shareholders the financial statements for the year ended 31 March 2023, proposed the payment of a dividend of 25 kobo per ordinary share of 50 kobo each for the year ended 31 March 2023.

Shareholders and substantial shareholders

The issued and fully paid-up Share Capital of the Company is 771,450,000 ordinary shares of 50 kobo each. The Register of Members shows that as at 31 March 2023, only three persons held more than 5% of the Company's shares; one person Iwerebon Emeke Felix held 13.73%, Mr Fredrick E. Ijewere held 6.23% and Estate of Ade-Ajayi Jacobs Festus held 5.50% of the Company's shares while fourteen (14) members held between 1% and 5%. Other shareholders held less than 1% respectively.

	Shares of 50k each			
	2023 % No. of shares		2022 % No. of shares	
Major shareholders				
The following shareholders held more than 5% of the issued share capital as at 31 March				
Iwerebon Emeke Felix (Chief)	105,895,265	13.73	102,669,428	13.31
Mr Frederick E. Ijewere	48,041,299	6.23	46,690,627	6.05
Estate of Ade-Ajayi Jacob Festus (Prof)	42,429,847	5.50	42,429,847	5.50

Stated below is the company shareholding structure as at the year ended

Structure description	No. of Holders	Holdings	% Holdings
31 March 2023			
Corporate	315	151,637,955	19.66
Foreign	13	243,024	0.03
Individuals	8,111	619,569,021	80.31
	<u>8,439</u>	<u>771,450,000</u>	<u>100</u>
31 March 2022			
Corporate	302	136,690,474	17.72
Foreign	13	236,726	0.03
Individuals	8,100	634,522,800	82.25
	<u>8,415</u>	<u>771,450,000</u>	<u>100</u>

LEARN AFRICA PLC

REPORTS OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023

Directors' interest in shares

The interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and/or as notified by them for the purpose of Sections 301 and 302 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Exchange Limited are as follows:

Direct

S/n	Name	2023	2022
1.	Chief Emeke Iwerebon	90,494,976	87,469,139
2	Alhaji Hassan S. Bala	200,500	200,500
3	Mr Frederick E. Ijewere	11,249,223	11,249,223
4	Hajia Binta Bakari	140,000	-
5	Mrs Yetunde Aina	-	-
6	Mr Gbolagunte Aiyedun	200,000	200,000
7	Mrs Cordelia Isioma Ojeile	181,017	181,017
8	Mrs Egbichi Akinsanya	-	-
9	Mr Iyinoluwa Aboyeji	-	-

Indirect holding

Name	Registered shareholder	Shareholding 2023	Shareholding 2022
1 Chief Emeke Iwerebon	First Nationwide Limited	15,400,289	15,200,289
2 Mr Frederick E. Ijewere	Ebako & Company Limited	35,441,404	35,441,404
3 Mrs Yetunde Aina	Estate of Prof Ade-Ajayi		
	Jacob Festus	42,429,847	42,429,847
4 Hajia Binta Bakari	Estate of Bakari Shehu		
	Usman Alhaji	21,878,696	21,878,696

Directors' interest in contracts

In accordance with Section 303 of the Companies and Allied Matters Act 2020, no Director notified the Company of any interest in any contracts in which the Company was involved in the ordinary course of business during the year under review

Acquisition of own shares

The company has not purchased any of its own shares during the year under review (2022: Nil).

Analysis of shareholding as at period ended 31 March 2023

Range	No of Holders	Holders %	Units	Unites %
1 - 1,000	1707	20.23	578,185	0.07
1,001 - 5,000	1412	16.73	3,662,310	0.47
5,001 - 10,000	2331	27.62	17,577,053	2.28
10,001 - 50,000	2169	25.70	45,826,373	5.94
50,001 - 100,000	401	4.75	28,796,459	3.73
100,001 - 500,000	282	3.34	59,013,349	7.65
500,001 - 1,000,000	47	0.56	36,687,589	4.76
1,000,001 - 5,000,000	61	0.72	133,512,797	17.31
5,000,001 - 10,000,000	13	0.15	89,529,436	11.61
10,000,001 - 771,450,000	16	0.19	356,266,449	46.18
	8439		771,450,000	100

LEARN AFRICA PLC

REPORTS OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023

Property, plant and equipment

Information relating to changes in property, plant and equipment during the year is given in Note 13 to the financial statements. In the opinion of the Directors, the market value of the Company's property, plant and equipment 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, and tax payer. 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.

Training and development

Our Company has adopted a 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 poor-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.

Events after reporting date

As stated in Note 35, there are no events or transactions that have occurred since the reporting date which would have a material effect on the financial statements as presented.

Format of the financial statement

The financial statements of Learn Africa Plc have been prepared in accordance with the reporting and presentation requirement of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, 2020 and the requirements of Financial Reporting Council of Nigeria Act No 6, 2011. The directors consider that the format adopted is that most suitable for the Company.

Auditor

PKF Professional Services (External Auditors) have indicated their willingness to continue in office as External Auditors of the Company. A resolution will be proposed at the Annual General Meeting to authorise Directors to determine their remuneration.

By Order of the Board



DCSL Corporate Services Limited
(Company Secretary)
Plot 2 Abebe Village Road, Iganmu
Anne Agbo-FRC/2013/NBA/00000000855

Dated: 22 June 2023

LEARN AFRICA PLC

STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2023

In accordance with the provisions of the Companies and Allied Matters Act 2020, the directors of Learn Africa Plc. are responsible for the preparation of annual financial statements which gives 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:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No 6, 2011;
- b) appropriate and adequate internal controls are established both to safeguard the assets and to prevent and detect fraud and other irregularities;
- c) 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;
- d) 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 2020.
- the requirements of the Financial reporting Council of Nigeria Act No 6, 2011

The directors are of the opinion that the financial statements give a true and 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/2014/IODN/00000002046

Dated: 22 June 2023



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

Dated: 22 June 2023

LEARN AFRICA PLC

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED 31 MARCH 2023

Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 March 2023 that:

- a) We have reviewed the report;
To the best of our knowledge, the report does not contain:
- Any untrue statement of a material fact, or
 - Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;
- b) To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.
- c) We:
- are responsible for establishing and maintaining internal controls.
 - have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared;
 - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- c) We have disclosed to the auditor of the Company and Audit Committee:
- All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



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

Dated: 22 June 2023



Mrs. Cordelia Ojeile
Finance Director
FRC/2014/ICAN/00000002038

Dated: 22 June 2023

Independent Auditor's Report

To the Shareholders of Learn Africa Plc

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Learn Africa Plc (the Company), which comprise the statement of financial position as at 31 March 2023, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No 6, 2011.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
<p>1. Impairment of trade receivables - Expected Credit Loss (ECL) assessment on financial assets.</p> <p>The determination of the impairment charge for trade receivables requires the assessment of Expected Credit Loss Model (ECL) using the simplified approach on recoverable amounts in line with IFRS 9.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs which are derived from historical records obtained within and outside the company in formulating the financial model. The model also requires assumptions in the estimation of forward looking macro-economic variables in computing the Probability of Default (PD).</p>	<p>We focused our testing of impairment on the assumption made by management and in line with IFRS 9, Expected Credit Loss Model (ECL).</p> <p>Our audit procedures include, amongst others, the following:</p> <ul style="list-style-type: none"> • Performed an independent review of the impairment calculation and considered all assumptions used in the impairment model and evaluated whether the model complies with the requirements of IFRS 9. • Reviewed the age analysis of debtors and controls put in place by management on the recoverability of receivables that have been long over due. • We reviewed other areas of macro-economic variables such as inflation rates, exchange rate, Gross Domestic Products (GDP). • We confirmed that appropriate disclosures were made in accordance with the entity's accounting policies and applicable financial framework.
<p>2. Valuation of investment properties</p> <p>The Company adopted fair valuation method in the valuation of investment properties. Included in the total assets at year end are investment properties valued at N305 million (2022:N290 million) representing 5%. The investment properties are stated at their fair values as determined by an independent valuer that was engaged by the management of the company at the reporting date.</p> <p>The assessment of the recoverable amounts of the investments properties by the management is a judgmental process which requires the estimation of the net realisable value. The determination of the fair values involve significant judgement, assumptions and estimation, particularly in selecting the appropriate valuation methodology and valuation basis. Due to the significant assumptions and estimate, valuation of investment properties has been considered as a key audit matter.</p>	<p>Our audit procedures include, amongst others, the following:</p> <ul style="list-style-type: none"> • We considered professional qualification and competence of the external valuer, and reviewed the term of engagement with the valuer. • We considered the appropriateness of the valuation methodology adopted by the valuer. • Reviewed the assumption made in determining the fair values of the investment properties for reasonableness. • We ensured adequate disclosures were made in the financial statements.

Key audit matters	How the matter was addressed in the audit
<p>3. Revenue recognition</p> <p>Revenue is a key performance indicators on which the company and its Directors are assessed. There could be pressures on margin and competition which could lead to recognising revenue in the wrong financial period.</p> <p>In addition, the company operates Sales and return policy where goods sold can be returned within a reasonable time. As a result of this policy, goods returned may not be accurately recorded in the company's books or may not be recognised appropriately in the correct financial period.</p>	<p>Our audit procedures include, amongst others, the following:</p> <ul style="list-style-type: none"> • Reviewed the accounting policy for consistency and management's procedures in the recognition and recording of revenue and sales return. • Evaluated the design and implementation and the operating effectiveness of internal controls over the approval of goods sold. • For sales of goods to customers during the year, we compared on a sample basis, postings into revenue ledger which is evidence by delivery notes and copy of invoice duly signed by the customer. • For bulk and normal orders, we verified on a sample basis customers' purchase order, delivery notes and signed contract agreement. • We performed data integrity check on revenue including the accuracy of sample of journal entries relating to revenue by checking them to supporting documentations, such as approved credit notes to customers with respect to sales returns. • We assessed the posting in sales ledger subsequent to year end to understand the basis of any significant/unusual credit notes. • We tested whether revenue transactions occurring both prior and post year end date were recognised in the correct financial period.
<p>4. Valuation of inventory</p> <p>The carrying amount of inventories at year end was N2.2 billion representing 43% of the total assets. An allowance of N50.8 million has been recorded to reduce the carrying value of the inventories to their estimated realisable values. The company's inventory is prone to obsolescence as a result of changes in government curriculum, technological changes, passage of time among others. There is possibility that obsolete and slow moving inventories may not be adequately written down and this may lead to overstatement of inventory.</p>	<p>Our audit procedures include, amongst others, the following:</p> <ul style="list-style-type: none"> • Reviewed management's procedures and policies relating to provision for obsolete inventories. • Reviewed age analysis of the Company's inventory and ensured that the value of obsolete and soiled inventory were adequately written down. • Reviewed and take note for action, all observations noted during the inventory physical count that could likely affect the impairment calculation of obsolete inventory. • Reviewed and challenged the reasonableness of key management's assumptions used for the impairment based on our knowledge of the business and industry.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated. If, based on the work we have performed on the other information that we 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 and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards; and in the manner required by the Companies and Allied Matters Act, 2020, and the Financial Reporting Council of Nigeria Act, No 6, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the fifth Schedule of the Companies and Allied Matters Act, 2020, 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 purpose of our audit;
- ii) Proper books of accounts have been kept by the Company, in so far as it appears from our examination of those books; and
- iii) The Company's statement of financial position and statement of profit or loss are in agreement with the books of account.


Benson O. Adejayan, FCA
FRC/2013/ICAN/02226
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

Dated: 22 June 2023





LEARN AFRICA PLC

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	Note	2023 N'000	2022 N'000
Assets			
Non-current assets			
Property, plant and equipment	13	466,549	365,161
Investment properties	14	305,000	290,000
Intangible asset	15	-	3,995
Right of use asset	16	18,953	6,683
Deferred tax asset	11.4	282,855	228,013
		<u>1,073,357</u>	<u>893,852</u>
Current assets			
Inventories	18	2,226,194	2,029,152
Trade and other receivables	19	799,402	1,710,125
Other current assets	17	37,726	36,698
Cash and cash equivalents	20	1,055,716	274,775
		<u>4,119,038</u>	<u>4,050,750</u>
Total assets		<u>5,192,395</u>	<u>4,944,603</u>
Equity and liabilities			
Equity			
Ordinary shares	21.2	385,725	385,725
Share premium	22	1,940,214	1,940,214
Other capital reserves	23	67,703	67,703
Retained earnings	24	1,396,242	1,121,004
Total equity		<u>3,789,884</u>	<u>3,514,646</u>
Current liabilities			
Trade and other payables	25	1,013,378	1,085,311
Provisions	26	139,469	151,027
Current borrowing	27	2,285	-
Current tax liabilities	11.2	247,379	193,619
		<u>1,402,511</u>	<u>1,429,957</u>
Total liabilities		<u>1,402,511</u>	<u>1,429,957</u>
Total equity and liabilities		<u>5,192,395</u>	<u>4,944,603</u>

The financial statements was approved by the Board of Directors on 22 June 2023 and signed on their behalf by:


Chief Emeke Iwerebon
Chairman
FRC/2014/IODN/00000002046


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


Mrs. Cordelia Ojeile
Finance Director
FRC/2014/ICAN/00000002038

The accompanying notes and significant accounting policies form an integral part of these financial statements.

LEARN AFRICA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 N'000	2022 N'000
Revenue	6	3,472,592	3,698,162
Cost of sales	8	<u>(1,563,994)</u>	<u>(1,964,344)</u>
Gross profit		1,908,599	1,733,818
Other operating income	7.1	44,535	59,909
Distribution and selling expenses	9	(652,226)	(480,376)
Administrative expenses	10	<u>(693,812)</u>	<u>(725,862)</u>
Operating profit		607,096	587,489
Finance cost	7.3	(14,226)	(13,451)
Finance income	7.2	<u>13,864</u>	<u>198</u>
Profit before taxation		606,735	574,236
Income tax expense	11.1	<u>(177,203)</u>	<u>(172,654)</u>
Profit for the year		<u>429,532</u>	<u>401,582</u>
Other Comprehensive income			
Comprehensive income for the year; net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year; net of tax		<u>429,532</u>	<u>401,582</u>
Earnings per share			
Basic earnings per share (kobo)	12	<u>56</u>	<u>52</u>

The accompanying notes and significant accounting policies form an integral part of these financial statements.

LEARN AFRICA PLC

STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Issued capital N'000	Share premium N'000	Asset revaluation reserve N'000	Retained earnings N'000	Total N'000
At 1 April 2021	385,725	1,940,214	67,703	835,139	3,228,781
Profit for the year	-	-	-	401,582	401,582
Dividend (Note 24)	-	-	-	(115,717)	(115,717)
At 31 March 2022	<u>385,725</u>	<u>1,940,214</u>	<u>67,703</u>	<u>1,121,004</u>	<u>3,514,646</u>
At 1 April 2022	385,725	1,940,214	67,703	1,121,004	3,514,646
Profit for the year	-	-	-	429,532	429,532
Dividend	-	-	-	(154,294)	(154,294)
At 31 March 2023	<u>385,725</u>	<u>1,940,214</u>	<u>67,703</u>	<u>1,396,242</u>	<u>3,789,884</u>

The accompanying notes and significant accounting policies form an integral part of these financial statements.

LEARN AFRICA PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 N'000	2022 N'000
Operating activities			
Profit for the year		<u>429,532</u>	<u>401,582</u>
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	13	81,868	62,811
Transfer from investment properties			(84,444)
Amortisation of intangible assets	15	3,995	10,195
Depreciation of Right of use assets	16	13,446	24,293
Gain on sale of property and equipment	7.1	(3,981)	(2,050)
Gain on sale of Investment Property	7.1	-	(6,833)
Valuation gain on investment properties	7.1	(15,000)	(40,137)
Allowance for expected credit loss	19.3	108,217	72,589
Inventory write off	8	20,174	28,762
Finance cost	10.2	14,226	13,451
Income tax expense	11.1	177,203	172,654
Finance income	7.2	<u>(13,864)</u>	<u>(198)</u>
		815,816	652,675
Working capital changes:			
Increase in inventories		(217,216)	(15,500)
Decrease/(Increase) in trade and other receivables		802,507	(680,451)
Decrease/(Increase) in trade and other payables		(64,163)	193,026
Increase in prepayment		<u>(1,028)</u>	<u>(13,042)</u>
		1,335,916	136,708
Income tax paid/WHT utilised	11.2	(178,285)	(180,367)
Unclaimed dividend	25.1.4	<u>(19,329)</u>	<u>21,308</u>
Net cashflows from/(used in) operating activities		<u><u>1,138,302</u></u>	<u><u>(22,351)</u></u>
Investing activities			
Interest income received	7.2	13,864	198
Proceeds from sale of property, plant and equipment		4,028	4,133
Proceeds from sale of investment Properties		-	97,500
Additions to right of use assets		(39,339)	(30,484)
Reclassification from right of use		13,623	13,525
Purchase of property, plant and equipment	13	(183,302)	(124,761)
Transfer from investment properties	14	-	84,444
Purchase of investment properties		-	(102,307)
Purchase of intangible assets	15	<u>-</u>	<u>(2,000)</u>
Net cash flow used in investing activities		<u>(191,126)</u>	<u>(59,752)</u>
Financing activities			
Finance cost	10.2	(14,226)	(13,451)
Movement in current borrowing		2,285	-
Repayment of loan-Interest*		-	(22,654)
Dividend paid	24	<u>(154,294)</u>	<u>(115,717)</u>
Net cash used in financing activities		<u>(166,235)</u>	<u>(151,822)</u>
Net increase/(decrease)in cash and cash equivalents		780,941	(233,925)
Cash and cash equivalents at 1 April		<u>274,775</u>	<u>508,700</u>
Cash and cash equivalents at 31 March	20	<u><u>1,055,716</u></u>	<u><u>274,775</u></u>

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Reporting Entity

1.1 Legal Form

Learn Africa Plc (The Company) is a Company domiciled in Nigeria. It was founded in 1961. The Company shares were listed on the Nigeria Exchange Limited on July 23 1996. The Company's shares were publicly traded on the Nigeria Exchange Limited.

1.2. Corporate office

The Company's registered Office is located at 52, Oba Akran Avenue, Ikeja, Lagos, Nigeria.

1.3. Principal activities

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

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the interpretations issued by International Financial Reporting Standards Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act, 2020.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost basis except for the undermentioned financial statement areas, which are measured as indicated:

- Investment property is measured at revalued amount

2.3 Going concern status

The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity. The directors assess the Company's future performance and financial position on a going concern basis and are satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company will not be able to continue as a going concern in the year ahead.

2.4 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 (N'000) except where otherwise indicated.

3. Adoption of new and revised standards

3.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Company has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

3.2 New and revised IFRS Standards in issue but not yet effective (but allow early application) for the year ending 31 December 2021

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 (including the June 2020 amendments to IFRS 17) - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Directors of the company do not anticipate that the application of the amendments in the future will have an impact on the company's financial statements.

Amendments to IFRS 3 Business Combinations — Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the cost of fulfilling a contract comprises the costs that relates directly to the contract. Cost that relates directly to a contract consists of both the incremental cost of fulfilling that contract. Examples would be direct labour or materials and allocation of other costs that relates directly to fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendment's. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendment in the future will have an impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2018 - 2020 — Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements..

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error;
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Amendments to IAS 12 Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

4. 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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:

4.1 Revenue from contracts with customers

The company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of performance obligations

The company satisfies its obligations to its customers either over time or at a point in time.

The company concluded that revenue for sales of goods is to be recognised at a point in time; when the customer obtains control of the goods. The company assesses when “control is transferred” using the indicators below:

- The company has a present right to payment for the goods;
- The customer has legal title to the goods;
- The company has transferred physical possession of the goods and acknowledged by appropriate officials;
- The customer has the significant risks and rewards of ownership of the goods; and
- The customer has accepted the goods.

The company also concluded that revenue is to be recognised over time for some contracts, because the educational materials does not create an inventory (asset) with alternative use and the Company has a right to payment for goods delivered. The fact that another entity would not need to re-perform the service that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company’s performance as it performs.

The company has determined that the output method is the best method in measuring progress of service provided because it can demonstrate that the invoiced amount corresponds directly with the value to the customer of the Company’s performance completed to date.

4.2 Financial Instruments

Provision for expected credit losses of trade receivables

The company uses a provision matrix to calculate ECL’s for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. (i.e., by geography, product type, customer type and rating, coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company’s historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the publishing segment of the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Measurement of the expected credit loss allowance for other financial asset

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purpose of measuring ECL

4.3 Property, plant and equipment, and intangible assets

The company carries its property, plant and equipment and intangible assets at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation and amortisation are critical to the Company's financial position and performance. The charge in respect of periodic depreciation and amortisation 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 and intangible assets are disclosed in Note 8 and 10 respectively.

4.4 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 March 2023 for investment properties. For investment properties, a valuation methodology based on market comparable sales model was used, as there is a lack of comparable market data because of the nature of the properties.

4.5 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.

4.6 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

5. Summary of significant accounting policies

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

5.1 Intangible assets

Intangible assets include purchased computer software and software licenses with finite useful lives. Purchased software and software licenses 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 of 2 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.

5.1.1 Derecognition

An intangible asset shall be derecognised:

- (a) on disposal; or
- (b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised (unless IAS 17 requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.

The disposal of an intangible asset may occur in a variety of ways (eg by sale, by entering into a finance lease, or by donation). In determining the date of disposal of such an asset, an entity applies the criteria in IAS 18 Revenue for recognising revenue from the sale of goods. IAS 17 applies to disposal by a sale and leaseback.

The consideration receivable on disposal of an intangible asset is recognised initially at its fair value. If payment for the intangible asset is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue in accordance with IAS 18 reflecting the effective yield on the receivable.

Amortisation of an intangible asset with a finite useful life does not cease when the intangible asset is no longer used, unless the asset has been fully depreciated or is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5.2 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:

Asset category	Useful lives (Years)
Leasehold Land	0
Buildings	50
Plant and machinery	10
Furniture, fittings and equipment	10
Motor Trucks	6
Motor Vehicle	4
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.

5.2 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.

5.3 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).

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 asset or CGU exceeds its recoverable amount, the asset 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.

5.4 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:

5.4.1 Raw materials and Consumables:

Purchase cost on a first in, first out basis.

5.4.2 Goods-In-Transit, work-in-progress and finished goods

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

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.

5.5 Leases

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

5.5.1 Company as a lessee

The company applies a single recognition and measurement approach for all leases. The company recognises lease liabilities (if any) to make lease payments and right-of-use-assets representing the right to use the underlying assets.

5.5.2 Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on impairment of non-financial assets.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The company's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

5.5.3 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities (if any) measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company has concluded that its leases are only enforceable for the periods that payments have been made and has therefore not recognised any lease liabilities. This applies only to property leases.

5.5.4 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. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized 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.

5.6 Financial instruments-initial recognition and subsequent measurement

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

5.6.1 Financial assets

5.6.2 Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

5.6.2.1 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) ☐
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The company's financial assets include financial assets at amortised cost.

5.6.2.2 Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding;

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade receivables, staff loans, cash and cash equivalents.

5.6.2.3 Derecognition

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

- The rights to receive cash flows from the asset have expired or

The Company has transferred its rights 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

5.6.2.4 Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 2.3.1
- Trade receivables Note 14

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

The company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

- **PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon.
- **EAD** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.
- **LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5.6.3 Write-off

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

5.6.4 Financial Liabilities

5.6.4.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and loans and borrowings.

5.6.4.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

5.6.4.3 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

The company has not designated any financial liability as fair value through profit or loss.

5.7 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

5.8 Trade and other payables

Trade payables are stated at their original invoice value. The directors consider the carrying amount of trade and other payables to approximate their fair value.

5.9 Derecognition

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

5.10 Offsetting

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

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5.11 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.

5.12 Taxation

5.12.1 Current income tax

Current income tax 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.

5.12.2 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.

5.13 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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.

5.14 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.

5.15 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.

5.16 Revenue recognition

The company is mainly engaged in publishing and distribution of educational materials for all levels of learning – Nursery, Primary, Secondary and Tertiary.

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.1.

5.16.1 Sale of goods

Revenue from good is recognised at a point in time or over time depending on the manner in which control is transferred to the customer.

The company recognises revenue from sale of goods at a point in time when control of the good is transferred to the customer, generally on the delivery of the goods. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The company has written contract with Universal Basic Education Commission (UBEC) to deliver books as specified in the contract. The company recognises revenue from this over time, using an output method to measure progress towards complete satisfaction of the sale, because the educational materials transferred to the customer does not create an inventory (asset) with alternative use and the Company have a right to payment for goods delivered. The revenue is recognised when the delivered goods are certified by the appropriate officials.

In determining the transaction price for the service, the Company considers the existence of significant financing components (if any).

5.17 Significant financing component

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good will be one year or less.

5.18 Contract balances

5.18.1 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

5.18.2 Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 5.6 under financial instruments – initial recognition and subsequent measurement.

5.18.2.1 Trade receivables are stated at fair value and subsequently measured at fair value through profit or loss, less provision for impairment. Impairment thereon are computed using the simplified IFRS 9 Expected Credit Loss (ECL) Model, where the receivables are aged and probability of default applied on each aged bracket. Trade receivables meet the definition of financial assets and the carrying amount of the trade receivables approximates their fair value.

5.18.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

5.19 Investment properties

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

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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.

5.20 Employee benefits

5.20.1 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 2014. 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5.20.2 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.

5.21 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).

5.22 Share capital and reserves

5.22.1 Share issue costs

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

5.22.2 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.

5.22.3 Asset revaluation reserves

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

5.22.4 Share capital and premium

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6. Revenue from contracts with customers

6.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

31 March 2023

Segments	N'000	N'000	Total N'000
Geographical markets			
Head Office	-	932,403	932,403
Northern Zone	756,358	-	756,358
Eastern Zone	590,938	-	590,938
Western Zone	1,192,893	-	1,192,893
Total revenue from contracts with customers	2,540,189	932,403	3,472,592
Timing or revenue recognition			
Goods transferred at a point in time	2,540,189	-	2,540,189
Goods transferred over time	-	932,403	932,403
Total revenue from contracts with customers	2,540,189	932,403	3,472,592

31 March 2022

Segments			
Sale of titles	2,125,570	1,572,591	3,698,162
Total revenue from contracts with customers	2,125,570	1,572,591	3,698,162
Geographical markets			
Head Office	-	1,572,591	1,572,591
Northern Zone	703,897	-	703,897
Eastern Zone	537,762	-	537,762
Western Zone	883,912	-	883,912
Total revenue from contracts with customers	2,125,570	1,572,591	3,698,162
Timing or revenue recognition			
Goods transferred at a point in time	2,125,570	-	2,125,570
Goods transferred over time	-	1,572,591	1,572,591
Total revenue from contracts with customers	2,125,570	1,572,591	3,698,162

Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of Title

Performance obligation in some contracts is satisfied at a point in time and revenue is recognised when control of the asset is transferred to the customer. The normal credit term is 30 days after acceptance of invoice amount by the customer.

For contracts with UBEC, the performance obligations is satisfied over time and revenue is recognised over time when control of the asset is transferred to the customer. The normal credit term is 30 days after acceptance of invoice amount by the customer.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
7. Other income		
7.1 Other operating income		
Gain on disposal of assets	3,981	2,050
Valuation gain from investment properties*	15,000	40,137
Gain on disposal of Investment Property	-	6,833
Rental income	11,000	2,750
Exchange gain	-	190
Insurance claim	-	7,935
Others (Note 7.1.1)	14,554	14
	<u>44,535</u>	<u>59,909</u>
7.1.1. Others represents the profit on project service rendered to Digital Content for the purchase of SD cards, and recovery of previously written off inventory provision.		
7.2 Finance income		
Interest received on deposit	<u>13,864</u>	<u>198</u>
7.3 Finance cost		
Interest exp on loans and borrowing	<u>14,226</u>	<u>13,451</u>
Finance income were recognised using effective interest method. Interest expense were recognised using effective interest rate method.		
8. Cost of sales		
Cost of publications	1,262,461	1,694,948
Royalties	278,978	212,714
Plant depreciation	2,381	16,296
Inventory write off	20,174	28,762
E-Content	-	11,625
	<u>1,563,994</u>	<u>1,964,344</u>
9. Selling and Distribution expenses		
Travelling	94,651	73,671
Motor repairs	91,781	76,955
Advert and publicity	103,793	87,514
Freight	24,763	20,326
Depreciation of property, plant and equipment	50,151	43,112
Employee benefits expenses (Note 9.1)	287,087	178,798
	<u>652,226</u>	<u>480,376</u>
9.1 Employee benefits expense		
Salaries and allowances	213,499	137,308
Performance Incentives	64,536	33,297
Pension contribution	9,052	8,193
Total employee benefits expense	<u>287,087</u>	<u>178,798</u>

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
10. Administrative expenses:		
Amortisation of intangible assets	3,995	10,195
Audit fee	8,000	8,000
AGM expense	13,249	6,885
NSE expense	1,219	1,721
Bank charges	8,415	7,915
Corporate soc. responsibility	8,032	3,297
Depreciation of property, plant and equipment	31,772	19,700
Donation	3,918	1,600
Subscription	2,874	1,413
Employee benefits (Note 10.1)	216,451	336,210
Exchange loss	2,091	27,193
Interconnectivity	21,236	18,817
Insurance	8,583	7,556
Legal and Professional fee	35,085	28,200
Office printing and Stationery	16,635	9,095
Depreciation of right of use	25,088	24,293
Other expenses	11,634	7,460
Piracy	4,688	5,252
Rates	10,045	10,876
Repairs and Maintenance	68,553	47,311
Energy and power	47,288	43,065
Impairment of trade receivable (Note 10.2)	108,216	72,589
Security	23,963	18,741
Telecommunication	10,654	8,479
Sundry expenses (10.3)	2,128	-
	693,812	725,862
10.1 Employee benefits expense		
Salaries and allowances	202,377	226,009
Performance Incentives	-	100,000
Pension contribution	14,073	10,201
Total employee benefits expense	216,451	336,210
Total employee benefit		
Admin staff benefit (Note 10.1)	216,451	336,210
Selling and distribution expenses (Note 9.1)	287,087	178,798
	503,538	515,008
10.2 Impairment of trade receivable		
Expected credit losses on trade receivables (Note 19.3)	99,358	72,589
Provision for other debit balances (Note 17)	8,859	-
	108,216	72,589

10.3. Sundry expenses represents liability for Paye and withholding tax payment from LIRS back duty assessment tax audit.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
11. Income tax		
The major components of income tax expense for the period ended 31 March, 2023 and 31 March, 2022 are:		
11.1 Income Statement		
Current income tax:		
Current income tax charge	211,121	164,057
Current education tax charge	20,893	15,439
Police Trust fund levy	30	20
Capital Gain tax charged	-	683
Total current tax	<u>232,045</u>	<u>180,199</u>
Deferred tax:		
Deferred tax write back	<u>(54,842)</u>	<u>(7,545)</u>
Total income tax expense reported in the statement of profit or loss	<u><u>177,203</u></u>	<u><u>172,654</u></u>
11.2 Statement of financial position		
At 1 April	193,619	193,787
Amount recorded in profit or loss	232,045	180,199
Payment during the year	(155,182)	(140,157)
WHT credit utilized	<u>(23,103)</u>	<u>(40,210)</u>
At 31 March	<u><u>247,379</u></u>	<u><u>193,619</u></u>
The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date, and Education Tax Act CAP E4 LFN 2004. The Company has adopted the International Accounting Standard 12 on Income Taxes.		
11.3 Reconciliation of tax charge		
Profit before tax	<u>606,735</u>	<u>574,236</u>
Tax at Nigerian's statutory income tax rate of 30%	182,020	172,271
Disallowable expenses	81,921	59,574
Non-taxable income	(108,871)	(75,762)
Police trust fund levy	30	20
Education tax @ 2.5% of assessable profit	20,893	15,439
Balancing charge	<u>1,208</u>	<u>1,112</u>
Total tax charge for the year	<u><u>177,203</u></u>	<u><u>172,654</u></u>
Effective tax rate	29%	30%
11.4 Deferred tax asset		
At 1 April	228,013	220,468
Relating to origination and reversal of temporary differences	<u>54,842</u>	<u>7,545</u>
At 31 March	<u><u>282,855</u></u>	<u><u>228,013</u></u>

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
11.5 Deferred tax		
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	(20,422)	(16,278)
Impairment on receivables	245,438	245,117
Provisions	41,841	11,216
Trade payable - unrealised exchange loss	87,314	51,563
Unrealised gain in fair value on investment properties	(4,500)	(12,041)
Inventories-write down to the net realisable value	(66,816)	(51,563)
	282,856	228,013

Deferred Income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2022 : 30%). Deferred tax assets are attributable to the following items:

12. Basic/diluted earnings per share (EPS)

Basic earnings per share amount are calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amount are calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic profit per share computations.

Profit attributable to ordinary equity holders	429,532	401,582
12.1 Weighted average number of ordinary shares for basic earnings per share.		
	Number 000	Number 000
Issued ordinary shares	771,450	771,450
Basic earnings per share (kobo)	56	52

Diluted EPS is the same as the Basic EPS as there are no potential securities convertible to ordinary shares.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	N'000	N'000
The following reflects the income and share data used in the basic earnings per share computations		
Net profit attributable to ordinary equity holders	429,532	401,582
Weighted average number of ordinary shares for basic earnings per share	771,450	771,450
Basic earnings per share	0.56	0.52

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. Property, plant and equipment

	Leasehold land N'000	Leasehold building N'000	Plant and machinery N'000	Motor vehicle N'000	Motor trucks N'000	Furniture and fittings N'000	Computer hardwares N'000	CWIP N'000	Total N'000
Cost									
At 1 April 2021	-	142,460	122,573	362,151	87,890	166,108	98,840	-	980,021
Additions	-	15,278	29,558	54,375	-	19,697	5,853	-	124,761
Reclassification	92,619	(92,619)	(2,455)	-	-	-	2,455	-	-
Transfer	15,762	68,682	-	-	-	-	-	-	84,444
Disposals	-	-	(37,217)	(65,966)	(87,890)	-	(302)	-	(191,375)
At 31 March 2022	108,381	133,800	112,459	350,560	-	185,805	106,845	-	997,851
Additions	-	9,000	4,254	98,760	-	9,361	51,178	10,750	183,303
Disposals	-	-	-	(29,247)	-	(199)	(1,144)	-	(30,589)
At 31 March 2023	108,381	142,800	116,713	420,074	-	194,967	156,879	10,750	1,150,565
Accum Depreciation									
At 1 April 2021	-	61,166	104,758	275,283	87,890	145,961	84,113	-	759,171
Charge for the year	-	995	5,045	43,112	-	6,098	7,562	-	62,811
Disposal	-	-	(36,543)	(64,715)	(87,890)	-	(145.00)	-	(189,292)
At 31 March 2022	-	62,161	73,260	253,680	-	152,059	91,530	-	632,690
Charge for the year	-	2,902	5,813	50,003	-	6,493	16,657	-	81,867
Disposal	-	-	-	(29,246)	-	(199)	(1,097)	-	(30,542)
At 31 March 2023	-	65,062	79,073	274,437	-	158,353	107,091	-	684,016
Net book value									
At 31 March 2023	108,381	77,738	37,641	145,637	-	36,613	49,789	10,750	466,549
At 31 March 2022	108,381	71,639	39,199	96,880	-	33,745	15,316	-	365,161

There were no restrictions on the Company's property, plant and equipment as at 31 March 2023 except for the Company's Head Office building valued at 1.51 billion on which First Bank of Nigeria Limited holds a floating debenture.

Reclassification represent separation of Land from Building.

No impairment was recognised during the year.

Transfer represent value of assets from investment property.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Land N'000	Building N'000	Total N'000
14. Investment properties			
At April 1 2022	180,000	142,667	322,667
Additions	-	102,307	102,307
Transfer to property, plant and equipment	(15,762)	(68,682)	(84,444)
Disposal*	(50,000)	(40,667)	(90,667)
Net fair value gain/(loss)*	<u>(24,238)</u>	<u>64,375</u>	<u>40,137</u>
At April 1 2022	90,000	200,000	290,000
Additions	5,000	10,000	15,000
At 31 March 2023	<u>95,000</u>	<u>210,000</u>	<u>305,000</u>

**The buildings are made up of the following:

-2 Completed wings of five-bedroom semi-detached houses on 3 floors each both wings have a physically measured area of approximately 52.20 square meters each

Both building are currently occupied.

There are currently 2 properties classified as Investment Properties under the provision of IAS 40 at the reporting date. At the year end, the Company engaged an independent valuer to fair value the investment properties which comprise the land and the building, and the changes in fair value amounting to net fair value gain of N15 million (2022:N24.4 million gain) was recognised in the profit or loss. Total rental income received in advance for 2 years was N22 million. Amount recognised in other income was N11,000,000 (2022: N2.75 million). The balance of N8.25 has been deferred and will be recognised in next financial year end March 2024.

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 Ubosi Chukwudi Stephen – FRC/2013/NIESV/00000001493 of Ubosi Eleh & Co – FRC/2016/NIESV/00000003997 as at the reporting date. Ubosi Eleh & Co is a Chartered Estate Surveyors and accredited independent valuer with specialisation 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 property is not adversely affected by or subject to a revocation or compulsory acquisition, road widening, new road proposal or planning scheme;
- That the property is free from onerous restrictions and charges;
- That the titles to the properties are good and marketable

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The investment properties were valued on the basis of open market; that is the price which an interest in a property or an item of plant and machinery might reasonably be expected to realise in a sale by a private treaty assuming:

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

14.1 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)	
			2023	2022
			₦	₦
Residential properties	Direct market comparison	Estimated price per square meters adjusted for the nature, location and conditions of the investment properties	185,000 to 246,000	109,057 to 135,007

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

Using the market comparable method, this means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property.

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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
15. Intangible assets		
Computer Software		
Cost		
As at 1 April	35,879	33,879
Additions	-	2,000
At 31 March	35,879	35,879
Amortisation and impairment		
As at 1 April	31,884	21,689
Amortisation	3,995	10,195
At 31 March	35,879	31,884
Net book value		
At 31 March	-	3,995
Intangible asset represent cost of accounting software (Acumen)		
16. Right of use assets		
The company has lease contracts, office buildings used in its operations. The assets under lease have lease terms between 2 to 3 years.		
Set out below are the carrying amounts of right-of-use assets recognized and the movement during the year.		
At 1 April	6,683	14,018
Additions	39,339	30,484
	46,022	44,501
Reclassification	(13,623)	(13,525)
Depreciation	(13,446)	(24,293)
	18,953	6,683
17. Other current assets		
Other debit balance	8,859	-
Prepayment	37,726	36,698
	46,585	36,698
Provision for other debit balance	(8,859)	-
	37,726	36,698

Other assets relate to advances made to third parties for which the Company is yet to receive the economic benefits accruing from them as at the year end.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
18. Inventories		
Raw materials	204,417	16,055
Work in progress	32,323	14,081
Finished goods	1,979,021	1,989,902
Consumables	10,433	9,114
	<u>2,226,194</u>	<u>2,029,152</u>

Inventories to the value of N2.23 billion (2022 : N2.03 billion) were carried at net realisable value. The amount charged into profit/loss in respect of written down of inventories to net realisable value is N50.8 million (2022 : N29.4 million).

19. Trade and other receivables

Trade receivables	1,579,129	2,390,722
Staff loan	461	241
	<u>1,579,590</u>	<u>2,390,964</u>
Allowance for expected credit loss (Note 19.3)	(818,127)	(718,769)
	<u>761,463</u>	<u>1,672,194</u>
Other receivable (Note 19.1)	37,939	37,931
	<u>799,402</u>	<u>1,710,125</u>

19.1 Other receivables:

Withholding tax recoverable	33,625	33,489
Statutory deductions	1,918	2,749
Other receivables	2,396	1,692
	<u>37,939</u>	<u>37,931</u>

Trade receivables are non-interest bearing and are generally on credit period terms of 30 to 60 days, except for receivables from government parastatals which are 90 days. In 2023, N818.1 million (31 March 2022: N718.8 million) were recognised as provision for expected credit losses on trade receivables.

Trade receivables are stated at fair value and subsequently measured at fair value through profit or loss, less provision for impairment. Impairment thereon are computed using the simplified IFRS 9 Expected Credit Loss (ECL) Model, where the receivables are aged and probability of default applied on each aged bracket. Trade receivables meet the definition of financial assets and the carrying amount of the trade receivables approximates their fair value.

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

19.2 Trade Receivable

Gross	1,579,129	2,390,722
ECL	(818,127)	(718,769)
Net	<u>761,002</u>	<u>1,671,953</u>

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
19.3 Allowance for expected credit loss		
At 1 April	718,769	646,180
Additional provision during the year (Note 10)	<u>99,358</u>	<u>72,589</u>
At 31 March	<u><u>818,127</u></u>	<u><u>718,769</u></u>
20. Cash and cash equivalents		
Cash in hand	444	444
Cash at banks	502,162	274,332
Short-term deposit	<u>553,109</u>	<u>-</u>
	<u><u>1,055,716</u></u>	<u><u>274,775</u></u>
21 Ordinary shares		
771,450 ordinary shares of 50k each	<u><u>385,725</u></u>	<u><u>385,725</u></u>
At the Annual General Meeting of the shareholders of Learn Africa Plc held on Thursday 27 October 2022, it was approved that further to the recommendation of the Board, the cancellation of the Company's unissued share capital of 228,550,000 of N.50k each, thereby reducing the share capital of the Company from N500,000,000 ordinary shares divided into 1,000,000,000 shares of N.50k each to N385,725,000 divided into 771,450,000 ordinary shares of N.50k each.		
22. Share premium	<u><u>1,940,214</u></u>	<u><u>1,940,214</u></u>
23. Other capital reserves	<u><u>67,703</u></u>	<u><u>67,703</u></u>
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.		
24. Retained earnings		
At 1 April	1,121,004	835,139
Transfer from profit or loss	429,532	401,582
Dividend declared and paid	<u>(154,294)</u>	<u>(115,717)</u>
At 31 March	<u><u>1,396,242</u></u>	<u><u>1,121,004</u></u>
Dividends proposed and paid		
Dividends on ordinary shares:		
At 1 January	-	-
Final dividend for 2022: 20k per share	154,294	115,717
Dividend paid during the year	<u>(154,294)</u>	<u>(115,717)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

For the current year, a dividend of 25k (2022 : 20k) per 50k share held has been proposed. This is subject to shareholders' ratification. No provision would be made for dividend until ratification at the Annual General Meeting. The payment of this dividend is subject to withholding tax at appropriate rate.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
25. Trade and other payables		
Trade payables	129,851	245,460
Other payables (25.1)	<u>883,527</u>	<u>839,851</u>
	<u>1,013,378</u>	<u>1,085,311</u>
25.1 Other payables		
Royalties (Note 25.1.3)	501,736	398,499
Unclaimed dividend (Note 25.1.4)	135,429	154,758
Withholding tax	39,053	55,685
Customers deposit	5,335	400
Sundry creditors (Note 25.1.2)	138,028	171,391
Pension	8,287	5,022
Cooperative thrift	3,199	2,815
Statutory deductions	475	-
Others (Note 25.1.1)	<u>51,983</u>	<u>51,281</u>
	<u>883,527</u>	<u>839,851</u>

25.1.1 Others represent deposit made on account by customers yet to be reconciled, unclaimed dividend (statute barred) and payable to staff.

25.1.2 Sundry creditors represent provision for audit fee, legal and professional fees and performance incentives

Terms and conditions of the above financial liabilities:

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

Other payables are non-interest bearing and have an average term of 1 month.

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

	1-60 days N'000	61-120 days N'000	> 120 days N'000	Total N'000
31 March 2023				
Trade payables	129,851	-	-	129,851
Other payables	195,346	-	-	195,346
31 March 2022				
Trade payables	245,460	-	-	245,460
Other payables	223,073	-	-	223,073

*Other payables maturity analysis consists of sundry creditors, customer deposit and other payables disclosed above.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

25.1.3 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:

	1-60 days N'000	61-120 days N'000	> 120 days N'000	Total N'000
31 March 2023				
Royalty Payables	<u>66,794</u>	<u>212,184</u>	<u>222,758</u>	<u>501,736</u>

31 March 2022				
Royalty Payables	<u>187,295</u>	<u>127,520</u>	<u>83,685</u>	<u>398,499</u>

Trade and other payables are stated at their original invoiced value. The Directors consider the carrying amount of other payables to approximate their fair value.

25.1.4 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:

	2023 N'000	2022 N'000
At 1 April	154,758	133,449
Reclassified to statute barred	(13)	(7,926)
Receipt from/payment to the company Registrar	<u>(19,316)</u>	<u>29,234</u>
At 31 March	<u>135,429</u>	<u>154,758</u>

Payment No.	Amount of dividend declared ₦	Total dividend paid to date ₦	Date of payment ₦	Unclaimed dividend ₦	90% Remittance ₦
15	85,052,363	75,960,746	15/08/2011	8,383	9,083,233
16	173,576,250	151,845,895	09/04/2012	1,268,002	20,462,353
17	139,003,738	122,625,718	31/05/2013	1,634,132	14,743,888
18	83,412,750	73,093,996	06/06/2014	1,028,058	9,290,697
19	83,614,772	69,634,882	05/06/2015	48,438	13,931,651
20	69,714,246	55,307,330	07/07/2017	530,293	13,876,623
21	97,441,716	75,353,346	31/08/2018	358,785	21,729,585
22	104,145,750	78,259,480	19/10/2019	724,873	25,161,397
23	34,844,541	26,961,529	16/10/2020	732,991	7,150,021
24	104,411,996	81,159,123	22/10/2021	23,252,867	-
25	139,201,412	104,445,465	30/09/2022	34,755,947	-
				<u>64,342,769</u>	<u>135,429,448</u>

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The maturity ageing analysis of unclaimed dividend is as follows:

	On-Demand*	1-60 days	61-120 days	> 120 days	Total
	N'000	N'000	N'000	N'000	N'000
31 March 2023					
Unclaimed Dividend	<u>135,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,429</u>
31 March 2022					
Unclaimed Dividend	<u>154,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,758</u>

Unclaimed Dividend is classified as on- demand because we can not accurately estimate the time frame in which shareholders will come forward for their claims.

26. 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. Also, provision are made for litigation.

	2023 N'000	2022 N'000
As at 1 April	151,027	46,097
Provision for the year	25,402	36,960
Provision for litigation	-	114,067
Reversal of excess provision	<u>(36,960)</u>	<u>(46,097)</u>
At 31 March	<u>139,469</u>	<u>151,027</u>
27. Current borrowing	<u>2,285</u>	<u>-</u>

28. 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 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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.

	Total ₦	Fair value measurement using		
		Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
At 31 March 2023				
Asset measured at fair value				
Investment properties (Note 14)	305,000	-	-	305,000

The date of valuation was 31 March 2023.

At 31 March 2022

Asset measured at fair value				
Investment properties (Note 14)	290,000	-	-	290,000

The date of valuation was 31 March 2023 and there has been no transfers between Level 1 and Level 3 during the year.

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	
	31-Mar-23 N'000	31-Mar-22 N'000	31-Mar-23 N'000	31-Mar-22 N'000
Financial assets				
Trade receivable	761,002	1,671,953	761,002	1,671,953
Cash and cash equivalent	1,055,716	274,775	1,055,716	274,775
Staff loan	461	241	461	241
	1,817,179	1,946,969	1,817,179	1,946,969
Financial liabilities				
Trade payable	129,851	245,461	129,851	245,461
Royalties	501,736	398,499	501,736	398,499
Sundry creditors	138,028	171,391	138,028	171,391
Unclaimed dividend	135,429	154,758	135,429	154,758
	905,044	970,109	905,044	970,109

The management assessed that the fair value of trade receivable, cash and cash equivalent, staff loan, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	2022 N'000
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29. Key management compensation

Compensation of the key management personnel of the company - executive and senior management.

Short-term employee benefits	84,924	54,384
Post employment benefit	7,451	4,784
	<u>92,375</u>	<u>59,168</u>

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.

29.1 Information regarding Directors emoluments:

Directors' emoluments comprise:

Fees	3,541	2,867
Others	50,858	43,694
Pension contribution	3,734	2,987
	<u>58,133</u>	<u>49,548</u>
Chairman	<u>2,542</u>	<u>2,470</u>
Highest paid Director	<u>22,188</u>	<u>17,750</u>

29.2 The number of Directors excluding the Chairman with gross emoluments within the following bands are:

In Naira	Number	Number
Less than - 3,000,000	4	5
3,000,001 - 3,500,000	1	-
3,500,001 - 5,000,000	-	2
5,000,001 - 7,500,000	-	-
7,500,001 - 9,000,000	-	-
9,000,001 - 15,000,000	2	1
15,000,001 and above	1	-
	<u>8</u>	<u>8</u>

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 Number	2022 Number
29.3 Information relating to employees		
The average number of persons employed in the financial year and the staff cost were as follows:		
Management (Directors)	3	3
Publishing and distribution	17	11
Sales and marketing	108	97
Administration	53	57
	<u>181</u>	<u>168</u>

The number of employees in Nigeria with gross emoluments within the bands stated were:

In Naira		
200,001 - 650,000	0	0
650,001 - 700,000	0	0
700,001 - 750,000	0	10
750,001 - 800,000	0	3
800,001 - 900,000	2	35
900,001 - 1,000,000	12	35
1,000,001 - 1,100,000	34	26
1,100,001 - 1,200,000	36	7
1,200,001 - 1,300,000	0	11
1,300,001 - 1,400,000	43	4
1,400,001 - 1,500,000	4	3
1,500,001 - 2,000,000	24	21
2,000,001 - 3,500,000	20	7
3,500,001 - 5,500,000	2	3
Above 5,500,000	4	3
	<u>181</u>	<u>168</u>

30. 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 and borrowings. 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

30.1. 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:

30.1.1 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 March 2023, the Company had 136 customers (31 Mar 2022: 145 customers) that owed the Company more than N1,000,000 each and accounted for approximately 20% (31 Mar 2022: 71%) of all receivables owing. There were 15 customers (31 Mar 2022: 14 customers) with balances greater than N10,000,000 accounting for just over 42% (31 Mar 2022: 60%) of the total amounts receivable.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Trade receivables-Days past due						Total N'000
	Current N'000	1-180 days N'000	181-360 days N'000	361-720 days N'000	721-1080 days N'000	>1080 days N'000	
31 March 2023							
Expected credit loss rate	27.76%	27.76%	28.23%	28.23%	28.95%	54.92%	-
Gross carrying	118	62,277	39,864	31,865	50,028	1,394,978	1,579,129
Expected credit loss	33	17,287	11,255	8,996	14,484	766,073	818,127
31 March 2022							
Expected credit loss rate	-	-	-	-	136.12%	29.44%	-
Gross carrying amount	-	-	-	-	43,435	2,239,694	2,283,129
Expected credit	-	-	-	-	59,123	659,646	718,769

Set out below is the movement in the allowance for expected credit losses/impairment allowance of trade receivables:

	2023 N'000	2022 N'000
At 1 April	718,769	646,180
Provision for expected credit loss	99,358	72,589
At 31 March	818,127	718,769

Loss rate are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Expected credit loss measurement - other financial assets

The company applied the general approach in computing expected credit losses (ECL) for short term deposits and staff loans. The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

29.1.2. Cash and cash equivalents

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 March 2023 and 31 March 2022 is the carrying amounts as illustrated in Note 20.

30.1 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:

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

30.1.1 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:

	2023	2022
Liabilities		
Currency of USA (USD)	-	-
Currency of Britain (GBP)	-	-
Assets		
Currency of USA (USD)	675	3,361
Currency of Britain (GBP)	3,794	3,794

30.2 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

	On Demand N'000	Less than 1 year N'000	1-5 years N'000	Total N'000
At 31 March 2023				
Financial assets				
Trade and other receivable*	-	-	761,002	761,002
Cash and cash equivalent	1,055,716	-	-	1,055,716
	<u>1,055,716</u>	<u>-</u>	<u>761,002</u>	<u>1,816,718</u>
Financial liabilities				
Trade and other payable*	-	1,013,378	-	1,013,378
	<u>-</u>	<u>1,013,378</u>	<u>-</u>	<u>1,013,378</u>
At 31 March 2022	N'000	N'000	N'000	N'000
Financial assets				
Trade and other receivable*	-	-	1,671,953	1,671,953
Cash and cash equivalent	274,775	-	-	274,775
	<u>274,775</u>	<u>-</u>	<u>1,671,953</u>	<u>1,946,728</u>
Financial liabilities				
Trade and other payable*	-	1,085,311	-	1,085,311
Interest bearing loans and borrowings	-	-	-	-
	<u>-</u>	<u>1,085,311</u>	<u>-</u>	<u>1,085,311</u>

* This trade and other receivables excludes withholding tax in note 19.

**This trade and other payables includes trade payable, unclaimed dividends, royalties and sundry creditors in note 25.

31. 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.

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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, interest bearing loans and borrowings less cash equivalents. The company's capital structure and debt-equity ratio is shown below:

	2023 N'000	2022 N'000
Trade and other payables (Note 25)	1,013,378	1,085,311
Less: cash equivalents (Note 20)	<u>(1,055,716)</u>	<u>(274,775)</u>
Net debt	<u>(42,338)</u>	<u>810,536</u>
Equity	<u>3,789,884</u>	<u>3,514,646</u>
Capital and Net debt	<u>3,747,546</u>	<u>4,325,181</u>
Debt to equity ratio	<u>-1%</u>	<u>19%</u>

32. Capital commitment

As at 31 March 2023 the Company had no capital commitment for goods-in-transit.

33. 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.

	Book Publishing	
	2023 N'000	2022 N'000
Segment statement of comprehensive income		
Revenue (External customer)	3,472,592	3,698,162
Finance income	13,864	198
Cost of publishing recognised as expense	(1,563,994)	(1,964,344)
Other income	44,535	59,909
Operating expense	(1,346,038)	(1,206,238)
Finance cost	<u>(14,226)</u>	<u>(13,451)</u>
Profit before taxation	606,735	574,236
Taxation	<u>(177,203)</u>	<u>(172,654)</u>
Profit after taxation	<u>429,532</u>	<u>401,582</u>

LEARN AFRICA PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Book Publishing	
	2023	2022
	N'000	N'000
Segment statement of financial position		
Total non-current assets	1,073,357	893,852
Current assets	4,119,038	4,050,750
Total assets	5,192,395	4,944,603
Ordinary share capital	385,725	385,725
Share premium	1,940,214	1,940,214
Other capital reserve	67,703	67,703
Retained earnings	1,396,242	1,121,004
Current liabilities	1,402,511	1,429,957
Total equity and liabilities	5,192,395	4,944,603

All revenue are earned locally in Nigeria across different states based on the location of the customers. Except for Universal Basic Education Commission (UBEC) and Borno State Universal Basic Education Board, all other customers have sales below 10% of the total revenue of the Company. All Non-current assets are located in Nigeria.

34. Non-Audit Services

There was no non-audit services rendered by the external auditor in the course of the year.

35. Litigation and claims

The Company is presently involved in suits as at 31 March 2023. The claims against the Company from the suits amount to N1.56 million (31 March 2022: N134.00 million) as of reporting date.

The Company has been advised by its legal counsel that it is not probable that the suits will succeed. No other provision was made in the financial statements for 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.

36. Events after the reporting date

There are no significant events after the reporting date which could have a material effect on the state of affairs of the Company as at 31 March 2023 that have not been adequately provided for or disclosed in the financial statements.

37. Comparative figures

Where necessary comparative figures have been reclassified to ensure proper disclosure and uniformity in the current year's presentation. This reclassification have no net impact on these financial statements.

LEARN AFRICA PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Other National Disclosures

LEARN AFRICA PLC

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	2023 N'000	%	2022 N'000	%
Revenue	3,472,592		3,698,162	
Brought in goods & services:				
- Local	(2,307,184)		(2,558,275)	
- Imported	-		-	
	<u>1,165,408</u>		<u>1,139,887</u>	
Other income	<u>58,399</u>		<u>60,107</u>	
Value added	<u><u>1,223,807</u></u>		<u><u>1,199,994</u></u>	
Applied as follows:				
To pay employees:				
Salaries and labour related expenses	503,538	41	515,008	43
To government:				
Income tax	232,045	19	180,199	15
To providers of capital:				
Finance cost	14,226	1	13,451	1
To provide for replacement of assets and expansion of business:				
Depreciation of property, plant and equipment	81,867	7	62,811	5
Depreciation of right of use assets	13,446	1	24,293	2
Amortisation of intangible asset	3,995	-	10,195	1
Deferred tax	(54,842)	(4)	(7,545)	(1)
Retained in the business	<u>429,532</u>	<u>35</u>	<u>401,582</u>	<u>33</u>
	<u><u>1,223,807</u></u>	<u>100</u>	<u><u>1,199,994</u></u>	<u>100</u>

The value added represents the additional wealth which the Company has been able to create 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

FINANCIAL SUMMARY

31 MARCH/31 DECEMBER

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Statement of financial position					
Property, plant and equipment	466,549	365,161	220,851	276,142	243,265
Investment properties	305,000	290,000	322,667	747,910	528,620
Intangible assets	-	3,995	12,190	7,341	5,324
Right of use assets	18,953	6,683	14,018	20,884	-
Non-current prepayment	-	-	-	-	8,508
Net current assets	2,716,527	2,620,793	2,438,586	1,892,891	2,275,144
Deferred taxation	282,855	228,013	220,469	161,097	81,130
Net assets	3,789,884	3,514,646	3,228,781	3,106,265	3,141,991
Shareholder's funds					
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
Revenue reserve	1,396,242	1,121,004	835,139	712,623	748,349
Shareholder's fund	3,789,884	3,514,646	3,228,781	3,106,265	3,141,991
Statement of comprehensive income					
Revenue	3,472,592	3,698,162	2,390,000	2,869,410	3,479,474
Profit before taxation	606,735	574,236	282,088	223,900	379,929
Taxation	(177,203)	(172,654)	(121,006)	(143,908)	(217,969)
Profit after taxation	429,532	401,582	161,082	79,992	161,960
Dividend declared	(154,290)	(115,718)	(38,573)	(115,718)	(108,003)
Per share data (kobo)					
Basic and diluted earnings	0.56	0.52	0.21	0.10	0.21
Net assets	4.91	4.56	4.19	4.03	4.07

Basic and diluted earnings per share are based on profit for the year divided by the number of ordinary shares issued and fully paid at the end of each financial year.

Net assets per share are based on net assets divided by the number of ordinary shares issued and fully paid at the end of each financial year.