



UNIVERSITY PRESS PLC

FINANCIAL STATEMENTS

31 MARCH 2014



REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF UNIVERSITY PRESS PLC

We have audited the accompanying financial statements of University Press Plc for the financial year ended 31 March, 2014 which comprise statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

2. The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

3. Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

4. In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 March 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Report on other legal requirements

5. The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. 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) in our opinion, proper books of account have been kept by the Company and
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

**Lagos, Nigeria
27 June 2014**

Sanni A. Dosunmu
FRC/2013/ICAN/00000000653
For: BDO Professional Services
Chartered Accountants

UNIVERSITY PRESS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 N'000	2013 N'000
Revenue	24	2,438,270	2,312,711
Cost of sales		<u>(1,272,161)</u>	<u>(1,137,753)</u>
Gross profit		1,166,109	1,174,958
Other operating income	26	8,238	16,772
Marketing and distribution expenses		(402,835)	(394,617)
Administrative expenses		<u>(429,519)</u>	<u>(422,865)</u>
Profit from operations		341,993	374,248
Finance income	27	16,435	30,908
Finance expense	28	<u>(10,311)</u>	<u>(11,856)</u>
Profit before taxation	29	348,117	393,300
Taxation expense	30	<u>(114,192)</u>	<u>(132,598)</u>
Profit for the year		<u>233,925</u>	<u>260,702</u>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Gains on revaluation of property, plant and equipment	44	-	221,185
Write back of Actuarial loss/(Actuarial loss) on defined benefit plan	45	<u>10,577</u>	<u>(14,107)</u>
		10,577	207,078
Items that will be reclassified subsequently to profit or loss			
		-	-
Total other comprehensive income		<u>10,577</u>	<u>207,078</u>
Total comprehensive income for the year		<u>244,502</u>	<u>467,780</u>
Profit attributable to owners of the entity		<u>233,925</u>	<u>260,702</u>
Total comprehensive Income attributable to owners of the entity		<u>244,502</u>	<u>467,780</u>
Basic earnings per 50k share (kobo)	31	<u>54.22</u>	<u>60.43</u>

The accompanying notes on pages 7 to 30 form an integral part of these financial statements.

Auditors' report, pages 1 and 2 .

UNIVERSITY PRESS PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

Assets		2014	2013
Non-current assets	Notes	N'000	N'000
Property, plant and equipment	32	1,321,924	1,299,120
Deferred tax asset	30	5,694	3,757
		<u>1,327,618</u>	<u>1,302,877</u>
Current assets			
Inventories and work-in-progress	33	929,535	963,799
Trade receivables	34	415,516	103,617
Other receivables and prepayments	35	115,419	96,874
Cash and cash equivalents	48	185,318	355,075
Total current assets		<u>1,645,788</u>	<u>1,519,365</u>
Total assets		<u>2,973,406</u>	<u>2,822,242</u>
Equity and Liabilities			
Current liabilities			
Trade payables	36	28,506	6,543
Other payables and accruals	37	449,104	380,724
Unclaimed dividends	38	37,031	33,803
Current income tax liability	30	109,686	124,588
		<u>624,327</u>	<u>545,658</u>
Non-current liabilities			
Deferred taxation	30	103,294	96,851
Retirement benefits	40	3,530	14,107
		<u>106,824</u>	<u>110,958</u>
Total Liabilities		<u>731,151</u>	<u>656,616</u>
Net Assets		<u>2,242,255</u>	<u>2,165,626</u>
Equity attributable to owners of the entity			
Share capital	41	215,705	215,705
Share premium	42	158,627	175,507
Capital reserve	43	1,442	1,442
Property, plant and equipment revaluation reserve	44	879,300	879,300
Reserve on Actuarial valuation of gratuity	45	(3,530)	(14,107)
Revenue reserve	46	990,711	907,779
		<u>2,242,255</u>	<u>2,165,626</u>

The financial statements were approved by the Board of Directors on 26 June 2014 and signed on its behalf by:

- | | | |
|------|---|--------------------------------------|
| i) | Mr. S. Kolawole
<i>FRC/2013/ICSAN/00000003248</i> |) Managing Director |
| ii) | Mr. O. B. Ogunkeye
<i>FRC/2013/CITN/00000003567</i> |) Director |
| iii) | Mr. G.A. Adebayo
<i>FRC/2013/ICAN/00000003250</i> |) Executive Director(Finance) |

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Auditors' report, pages 1 and 2

UNIVERSITY PRESS PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share Capital N'000	Share Premium N'000	Capital Reserve N'000	Property, plant and equipment revaluation Reserve N'000	Revenue Reserve N'000	Reserve on actuarial valuation of gratuity N'000	Total Equity N'000
Balance at 1 April 2013	215,705	175,507	1,442	879,300	907,779	(14,107)	2,165,626
Comprehensive income for the year:							
Profit for the year	-	-	-	-	233,925	-	233,925
Other comprehensive income							
Write back of actuarial loss on defined benefit plan	-	-	-	-	-	10,577	10,577
Total comprehensive income	215,705	175,507	1,442	879,300	1,141,704	(3,530)	2,410,128
Transactions with owners:							
Increase in authorised share capital expenses	-	(16,880)	-	-	-	-	(16,880)
Dividend paid	-	-	-	-	(150,993)	-	(150,993)
Balance at 31 March 2014	215,705	158,627	1,442	879,300	990,711	(3,530)	2,242,255
Balance at 1 April 2012	215,705	175,507	1,442	658,115	798,070	-	1,848,839
Comprehensive income for the year:							
Profit for the year	-	-	-	-	260,702	-	260,702
Other comprehensive income							
Gains on revaluation of property, plant and equipment	-	-	-	221,185	-	-	221,185
Actuarial loss on defined benefit plan	-	-	-	-	-	(14,107)	(14,107)
Total comprehensive income	215,705	175,507	1,442	879,300	1,058,772	(14,107)	2,316,619
Transactions with owners:							
Dividend paid	-	-	-	-	(150,993)	-	(150,993)
Balance at 31 March 2013	215,705	175,507	1,442	879,300	907,779	(14,107)	2,165,626

UNIVERSITY PRESS PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

		2014		2013	
	Notes	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Cash received from customers		2,126,371		2,300,921	
Payments to suppliers and employees		(1,906,486)		(1,940,198)	
Input VAT		-		-	
Output VAT		(120)		(215)	
Tax paid	30	<u>(124,588)</u>		<u>(158,947)</u>	
Net cash provided by operating activities	47		95,177		201,561
Cash flows from investing activities					
Interest received	27	15,612		22,601	
Dividend received	27	8		6	
Proceeds from sale of property, plant and equipment		2,391		8,458	
Purchase of property, plant and equipment	32	(115,072)		(120,909)	
Proceeds from disposal of available - for-sale- financial assets		<u>-</u>		<u>461</u>	
Net cash used in investing activities			(97,061)		(89,383)
Cash flows from financing activities					
Increase in authorised share capital expenses	42	(16,880)		-	
Dividend paid	46	<u>(150,993)</u>		<u>(150,993)</u>	
Net cash used in financing activities			<u>(167,873)</u>		<u>(150,993)</u>
Net decrease in cash and cash equivalents			(169,757)		(38,815)
Cash and cash equivalents at the beginning of the financial year			<u>355,075</u>		<u>393,890</u>
Cash and cash equivalents at the end of the financial year	48		<u>185,318</u>		<u>355,075</u>

The accompanying notes on pages 7 to 30 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

UNIVERSITY PRESS PLC

FINANCIAL STATEMENTS, 31 MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

Nature of operations

1. Reporting entity

University Press Plc (The Company) is a Company domiciled in Nigeria. It was founded in 1949 under the name Oxford University Press, Nigeria. The Company was incorporated as a limited liability Company in 1978. The Company was quoted on the Nigerian Stock Exchange on 14th August, 1978. The Company's registered Office is Three Crowns Building, Jericho, Ibadan. The Company's Products are mainly educational books.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (The IASB) and with the requirements of the Companies and Allied Matters Act CAP C20 LFN, 2004.

3. 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:

- Land and buildings are measured using the revaluation model;
- Available for sale financial assets are measured at fair value;
- The defined benefit asset is recognised as the net total of the plan assets plus unrecognised past service cost and unrecognised actuarial loss, less unrecognised actuarial gains and the present value of the defined benefit obligation.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in accounting policy number 6.

4. Functional/presentation currency

The Company's functional and presentation currency is the Nigerian Naira. The financial statements are presented in thousands of Nigerian Naira.

5. New Standards and Amendments

The following new standards, amendments and interpretations have been issued by the IASB but are not yet effective for the financial year beginning 1 April 2013 and have not been early adopted by University Press Plc.

The Directors anticipate that the new standards, amendments and interpretations will be adopted in the Company's financial statements when they become effective. The Company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

i) **IFRS 9 Financial Instruments: Classification and Measurement**

IFRS 9 as issued reflects the first phase of the Board's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the Board will address impairment and hedge accounting. The completion of this project is expected in 2013. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. However, the Company has decided that the effect will be quantified only in conjunction with the other phases when completed to present a comprehensive picture.

6. **Significant accounting judgements and estimates**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and any future period.

Judgements made in applying accounting policies

Critical judgements made by management in the process of applying the Company's accounting policies on the amounts recognized in the financial statements are as follows:

Key sources of estimation uncertainty

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 within the next financial year are discussed below:

i. **Depreciation of property, plant and equipment**

The cost of property, plant and equipment for each business segment is depreciated on a straight-line basis over the assets' useful lives with no residual value assumed at the end of their respective useful lives, except as otherwise stated in the financial statements. This is due to the intention of management to continue running the operations until the end of the useful lives of the assets. Management estimates the useful lives of these property, plant and equipment based on common life expectancies of assets of similar nature in the past. Changes in the expected level of usage and technological developments could impact on the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

ii. **Impairment of property, plant and equipment**

The Company assesses at each reporting date whether there is any objective evidence that the property, plant and equipment is impaired.

iii. **Impairment of loans and receivables**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

iv **Impairment of available for sale financial assets**

The Company assesses at each reporting date whether there is any objective evidence that its investment in securities as at year end is impaired. Impairment loss is recognised for the amount by which the carrying amount of the investments in securities exceeds its recoverable amounts, which is the higher of fair value less cost to sell and value in use. Value in use is determined using valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximation to the computation of recoverable amount.

v. **Valuation of investment property and freehold land and buildings**

The Company obtains valuations performed by external valuers in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

vi. **Legal proceedings**

In accordance with IFRS, the Company recognises a provision where there is a present obligation from a past event, a transfer of economic benefit is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the Company's financial position. Application of those accounting principles to legal cases requires management to make determinations about various factual and legal matters beyond its control. The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions in provisions are the nature of litigation, assessment, the legal process and potential level of damages, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers with experience on similar cases and any decision of the Company's management as to how it will respond to the litigation.

Summary of significant accounting policies

7. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for goods or services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a) ***Sale of goods***

Revenue from the sale of goods or services is generally recognised when either the goods are dispatched or the services supplied and the risks and rewards of ownership are passed to the customer and it is probable that the company will receive the previously agreed amount. Where the buyer has a right of return, the company defers recognition of revenue until the right to return has lapsed.

b) ***Dividend income***

Dividend income from financial assets held for trading is recognized when the shareholders' rights to receive payment have been established.

c) ***Rental income***

Rental income is accounted for on a time proportion of the lease terms.

d) ***Sale of rights***

Income from rights is recognized on time or period covered by the agreement.

8. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Managing Director.

For management purposes, the Company is organized into two operating segments. These operating segments are the basis on which the Company reports its primary and secondary segment information.

(i) Geographical segments

This is an operating segment based on geographical locations which are independently managed by the respective segment managers responsible for performance of the respective segments. The segment managers report directly to the management of the Company.

The Company considers its main thrust of growth as developing local and international markets for its products. Geographical segment is based on key regions and comprises of West, East, North and Export. It is the primary segment of the Company.

All operating segments' results are reviewed regularly by the Management in order to allocate resources to the segments and to assess their performance.

(ii) Business segments

The Company's business is organized in three operating areas, primary, secondary and tertiary/general reference.

All operating segments' results are reviewed regularly by the Management in order to allocate resources to the segments and to assess their performance.

9. Foreign currencies

Transactions in foreign currencies are converted to Naira at the rate ruling on the date of the transaction. Exchange differences arising from the movement in rates between the date of transaction and the date of settlement are taken to the statement of comprehensive income as they arise.

Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the reporting date. Exchange differences arising in the transaction of monetary items at the reporting date are also recognised in the income statement for the period.

10. Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost (cost comprising the acquisition cost of the asset along with any other attributable costs at the date of acquisition). Borrowing costs are capitalised as part of their cost whenever necessary.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of such item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Freehold land and buildings are however, subsequently carried at revaluation model, based on periodic valuation by a professionally qualified valuer.

The revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve or reversal of such a transaction, is recognized in profit or loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Freehold land is not depreciated.

Freehold Buildings	- 2% per annum
Printing equipment	- 10% per annum
Furniture and fittings	- 15 % per annum
Computer equipment	- 33.3 % per annum
Other office equipment	- 10% per annum
Motor vehicles	- 25 % per annum

Depreciation method applied is reviewed at the end of each financial year. If there is a significant change in the expected patterns of consumption of the future economic benefit embodied in the assets, the method is changed to reflect the change in pattern of consumption.

Depreciation is not provided on all items of property, plant and equipment until they are available for use. Depreciation is also pro-rated in the year of acquisition and disposal of property, plant and equipment. The depreciation rates or useful lives are reviewed and adjusted if appropriate, at each financial year-end.

Capital work-in-progress are stated at cost and not depreciated as the assets are not yet available for use. Capital work-in-progress comprises contractor's payments, finance costs and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognized.

11. Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation.

An owner occupied investment property is classified as investment when the Company uses an insignificant portion of the available space.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at fair value less any accumulated impairment losses.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

12. Borrowing Costs

Borrowing costs are capitalized as part of the cost of qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalized until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period they are incurred.

Borrowing costs consist of interest and other costs that the company incurred in connection with the borrowing of funds.

13. Inventories

Inventories include paper, work-in-progress and bound books.

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realizable value. Cost comprises costs incurred in bringing the inventories to their present location and condition and is accounted for as follows:

- Raw materials (Paper) - Purchase cost and other attributable costs
- Finished goods and work-in-progress - cost of direct materials, and labour together with an appropriate proportion of manufacturing overheads based on normal operating capacity.

These costs are assigned on a weighted average basis.

Goods-in- transit are valued at invoice prices plus other attributable costs.

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

Adequate provision is made for slow moving, obsolete and defective inventories to ensure that the value at which inventories is held at the reporting date is reflective of anticipated future sales patterns.

14. Financial Instruments

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

The Company determines the classification of its financial assets at initial recognition and the categories include financial assets at fair value through profit or loss, trade receivables, held to maturity investments and available for sale financial assets.

(a) Trade receivables

Trade receivables are recognized and carried at original invoice amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of impairment is recognized in the statement of comprehensive income. The amount of irrecoverable trade receivables is recognized in the statement of comprehensive income immediately.

(b) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognized in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognized separately in profit or loss as part of other income or other losses. Financial assets at fair value through profit or loss could be presented as current or non-current assets. Financial assets that are held for trading purposes are presented as current while those not held primarily for trading purposes are presented as current or non-current based on the settlement date .

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using effective interest method. Gains and losses are recognized in profit or loss when the held-to-maturity investments are derecognized or impaired, and through the amortization process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using effective interest method are recognized in profit or loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realized within 12 months after the reporting date.

A financial asset is derecognized when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

16. Bank Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Loans are classified as current liabilities except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

17. Trade payables

Trade payables are not interest bearing and are recognized and carried at original invoice amount.

18. Royalty Advances to Authors

Advances to authors are written off to the extent that they are not covered by anticipated future sales.

19. Provisions

Provision are recognized when the company has a present obligation, (legal or constructive) as a result of past event for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with International Accounting Standard Number 37.

20. Income tax

The tax expense represents the aggregate of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date.

Current income taxes are recognised for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current tax assets and liabilities

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the Tax Authorities. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax assets are generally recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. 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 profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

21. Employees retirement benefits scheme

The Company operates a pension and a gratuity scheme for the benefit of its employees.

(i) Defined contributory pension scheme

The Company operates a defined contributory pension scheme for its employees. The scheme is funded and managed by the Pension Fund Administrator of the employee's choice.

The scheme is funded by contribution from employees at 5% of their pensionable income (basic salary, housing allowance and transport allowance) while the company contributes 10% of the pensionable emoluments. This is consistent with the provisions of the applicable law, Pension Reform Act 2004.

Payments to defined contributory retirement benefit schemes are charged as an expense as they fall due to the statement of comprehensive income in the period for which the contributions are payable.

(ii) Defined benefit obligation scheme

The Company operates a non-contributory funded lump sum gratuity scheme. Employees are entitled to gratuity after completing a minimum of five continuous full years of service.

The gratuity obligation is calculated annually by Independent Actuaries using the projected unit credit method. The present value of the gratuity obligation is determined by discounting the estimated future cash outflows using market yields on Federal Government of Nigeria Bonds. The liability recognised in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the date of the statement of the financial position less the fair value of plan assets. Actuarial gains or losses arising from the valuation are credited or charged to income statement (Other comprehensive statement) in the financial year in which they arise.

22. Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction.

(ii) Dividend on ordinary shares

Dividend on the Company's ordinary shares is recognised in equity in the period in which it is paid or, if earlier, approved by the Company's shareholders.

In the case of interim dividend to equity shareholders, this is when declared by the directors. In the case of final dividend, this is when approved by the shareholders at the Annual General Meeting.

Dividend for the year that is declared after the date of the statement of financial position is dealt with in the subsequent events note.

(iii) Earnings per share

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

(iv) Revenue reserve

Revenue reserve represents amount set aside out of the profits of the Company which shall at the discretion of the directors be applicable for meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

23. Contingencies

Contingent assets are not recognised in the annual financial statements, but are disclosed when, as a result of past events, it is highly likely that economic benefit will flow to the Company, but this will only be confirmed by the occurrence of one or more uncertain future events which are not wholly within the Company's control. 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 uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote.

UNIVERSITY PRESS PLC

FINANCIAL STATEMENTS, 31 MARCH 2014

OTHER NOTES TO THE FINANCIAL STATEMENTS

Revenue

24(a) Revenue is derived from sales of printed books in and outside Nigeria.

(b) Nigeria:		
Analysis by zones:	2014	2013
	N'000	N'000
Western zone	799,107	789,538
Eastern zone	502,733	500,639
Northern zone	1,136,430	985,150
	<u>2,438,270</u>	<u>2,275,327</u>
(c) Export sales	-	37,384
	<u>2,438,270</u>	<u>2,312,711</u>

Analysis by operations:

(d) Sales of printed books	<u>2,438,270</u>	<u>2,312,711</u>
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The Company's operations are divided into four geographical areas, three within Nigeria and the last one as export. Results of these segments are presented below:

Segment reporting25(a) Segment information - Geographical

31 March 2014	Western Zone N'000	Eastern Zone N'000	Northern Zone N'000	Export Sales N'000	Unallocated N'000	Total N'000
Revenue	799,107	502,733	1,136,430	-	-	2,438,270
Cost of sales	(347,279)	(268,924)	(655,958)	-	-	(1,272,161)
Operating profit	451,828	233,809	480,472	-	-	1,166,109
Marketing and distribution expenses	(139,839)	(87,865)	(175,131)	-	-	(402,835)
Segment profit	311,989	145,944	305,341	-	-	763,274
Other operating income						8,238
Unallocated administrative expenses						(429,519)
Finance income						16,435
Finance expense						(10,311)
Profit before tax						348,117
Taxation expense						(114,192)
Profit for the year						<u>233,925</u>

	Western Zone N'000	Eastern Zone N'000	Northern Zone N'000	Export Sales N'000	Unallocated N'000	Total N'000
<u>Segment Financial Position</u>						
Property, plant and equipment	200,524	60,684	344,369	-	716,347	1,321,924
Deferred tax asset	-	-	-	-	5,694	5,694
Trade receivables	34,062	86,709	294,745	-	-	415,516
Other current assets	198,081	66,561	126,874	-	838,756	1,230,272
Current liabilities	(63,601)	(40,012)	(90,449)	-	(430,265)	(624,327)
Long term liabilities	-	-	-	-	(106,824)	(106,824)
Total net assets	<u>369,066</u>	<u>173,942</u>	<u>675,539</u>	<u>-</u>	<u>1,023,708</u>	<u>2,242,255</u>
(b) <u>Segment information - Geographical</u>						
31 March 2013	Western Zone N'000	Eastern Zone N'000	Northern Zone N'000	Export Sales N'000	Unallocated N'000	Total N'000
Revenue	789,538	500,639	985,150	37,384	-	2,312,711
Cost of sales	<u>(302,166)</u>	<u>(271,166)</u>	<u>(535,624)</u>	<u>(28,797)</u>	-	<u>(1,137,753)</u>
Operating profit	487,372	229,473	449,526	8,587	-	1,174,958
Marketing and distribution expenses	<u>(137,244)</u>	<u>(86,415)</u>	<u>(170,157)</u>	<u>(801)</u>	-	<u>(394,617)</u>
Segment profit	350,128	143,058	279,369	7,786	-	780,341
Other operating income						16,772
Unallocated administrative expenses						(422,865)
Finance income						30,908
Finance expense						<u>(11,856)</u>
Profit before tax						393,300
Taxation expense						<u>(132,598)</u>
Profit for the year						<u><u>260,702</u></u>
<u>Segment Financial Position</u>						
Property, plant and equipment	231,840	57,961	354,203	-	655,116	1,299,120
Deferred tax asset	-	-	-	-	3,757	3,757
Trade receivables	35,128	6,987	24,118	37,384	-	103,617
Other current assets	226,193	96,189	221,583	-	871,783	1,415,748
Current liabilities	(63,256)	(40,051)	(78,813)	-	(363,538)	(545,658)
Long term liabilities	-	-	-	-	(110,958)	(110,958)
Total net assets	<u>429,905</u>	<u>121,086</u>	<u>521,091</u>	<u>37,384</u>	<u>1,056,160</u>	<u>2,165,626</u>

(c) Segment information - Products

31 March 2014	Primary N'000	Secondary N'000	Tertiary/ General reference N'000	Total N'000
Revenue	1,641,561	732,379	64,330	2,438,270
Cost of sales	(906,411)	(326,504)	(39,246)	(1,272,161)
Operating profit	735,150	405,875	25,084	1,166,109
Marketing and distribution expenses	(254,631)	(137,517)	(10,687)	(402,835)
Segment Profit	480,519	268,358	14,397	763,274
Other operating income				8,238
Unallocated administrative expenses				(429,519)
Finance income				16,435
Finance expense				(10,311)
Profit before tax				348,117
Taxation expense				(114,192)
Profit for the year				<u>233,925</u>

(d) Segment information - Products

31 March 2013	Primary N'000	Secondary N'000	Tertiary/ General reference N'000	Total N'000
Revenue	1,594,756	650,039	67,916	2,312,711
Cost of sales	(827,381)	(268,652)	(41,720)	(1,137,753)
Operating profit	767,375	381,387	26,196	1,174,958
Marketing and distribution expenses	(250,742)	(132,819)	(11,056)	(394,617)
Segment Profit	516,633	248,568	15,140	780,341
Other operating income				16,772
Unallocated administrative expenses				(422,865)
Finance income				30,908
Finance expenses				(11,856)
Profit before tax				393,300
Taxation expense				(132,598)
Profit for the year				<u>260,702</u>

<u>Other operating income</u>			2014	2013
			N'000	N'000
26.	Sundry income		4,104	3,215
	Sale of old books		-	1,853
	Profit on disposal of property, plant and equipment		1,564	4,127
	Rental income		2,570	7,577
			<u>8,238</u>	<u>16,772</u>
27.	<u>Finance income</u>		N'000	N'000
	Interest received on fixed deposits		15,612	22,601
	Dividend received on available-for-sale financial assets		8	6
	Profit on disposal of available-for-sale financial assets		-	30
	Realised exchange gain		814	7,816
	Unrealised exchange gain		1	455
			<u>16,435</u>	<u>30,908</u>
	<u>Finance expenses</u>		N'000	N'000
28.	Bank charges		<u>10,311</u>	<u>11,856</u>
	<u>Profit before taxation</u>			
29(a)	Profit before taxation is arrived at after charging:		N'000	N'000
	Directors' emoluments		25,830	30,124
	Depreciation of property, plant and equipment		91,441	82,759
	Staff pension		32,075	35,759
	Retirement gratuities		48,838	45,117
	Auditors' remuneration		<u>4,200</u>	<u>3,200</u>
	and after crediting:			
	Profit on disposal of property, plant and equipment		1,564	4,127
	Unrealised exchange gain		<u>1</u>	<u>455</u>
(b)	<u>Key Management Personnel compensation</u>			
	Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company. The emoluments are as stated below:			
(i)			2014	2013
			N'000	N'000
	Fees		1,440	1,440
	Other emoluments including pension contributions		<u>24,390</u>	<u>28,684</u>
			<u>25,830</u>	<u>30,124</u>
(ii)	Chairman's emoluments (excluding pension contributions) totalled		<u>240</u>	<u>240</u>
(iii)	Emoluments of the highest paid director (excluding pension contributions) amounted to		N'000	N'000
			<u>11,853</u>	<u>11,852</u>
(iv)	The table below shows the number of Directors (excluding the Chairman) whose remuneration (excluding pension contributions) in respect of services to the Company fell within the bands are shown below:			
			No.	No.
	Below -	₦8,000,000	8	6
	₦8,000,001 -	₦9,000,000	-	2
	₦9,000,000 and	Above	<u>1</u>	<u>1</u>
			<u>9</u>	<u>9</u>

(c) **Staff numbers**

The average number of persons employed (excluding directors) in the Company throughout the year was as follows:

	2014	2013
	No.	No.
Human resources	33	37
Finance	18	17
Publishing	34	33
Marketing and distribution	208	206
	<u>293</u>	<u>293</u>

(d) **Staff costs**

	N'000	N'000
Staff emoluments	269,213	258,554
Staff pension	32,075	35,759
Staff gratuity	48,838	45,117
	<u>350,126</u>	<u>339,430</u>

(e) **Employees' emoluments**

The table below shows the number of employees of the Company (other than directors) who earned over N300,000 during the year and which fell within the bands stated below:

	No.	No.
N300,001 - N400,000	13	12
N400,001 - N500,000	28	32
N500,001 - N600,000	26	16
N600,001 - N700,000	61	70
N700,001 - N800,000	33	44
N800,001 - N900,000	25	34
N900,001 - N1,000,000	34	27
N1,000,001 - N1,500,000	51	41
N1,500,001 - N2,000,000	11	17
N2,000,001 - and above	11	-
Total	<u>293</u>	<u>293</u>

Taxation**30(a) Per statement of comprehensive income**

	N'000	N'000
Income tax on profit for the year	100,797	114,909
Education tax	8,889	9,679
	<u>109,686</u>	<u>124,588</u>
Deferred tax	4,506	8,010
	<u>114,192</u>	<u>132,598</u>

Per statement of financial position:

	N'000	N'000
Opening balance - Income tax	114,909	149,809
- Education tax	9,679	9,138
	<u>124,588</u>	<u>158,947</u>
Payments during the year		
- Income tax	(114,909)	(149,809)
- Education tax	(9,679)	(9,138)
Charge for the year		
- Income tax	100,797	114,909
- Education tax	8,889	9,679
Balance at the end of the year	<u>109,686</u>	<u>124,588</u>

- (b) Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax, education tax and deferred tax.
- (c) The amount provided as Income Tax on the profit for the year has been computed on the basis of the income tax rate of 30% in accordance with CAP C21 LFN, 2004 (as amended).
- (d) Provision for education tax has been computed at the rate of 2% on the assessable profit in accordance with Education Tax Act CAP E4 LFN, 2004 (as amended).

	2014 N'000	2013 N'000
(e) (i) <u>Deferred tax asset</u>		
Balance at the beginning of the year	3,757	1,624
Provision for the year	<u>1,937</u>	<u>2,133</u>
Balance at the end of the year	<u>5,694</u>	<u>3,757</u>
(ii) <u>Deferred tax liability</u>		
Balance at the beginning of the year	96,851	62,132
Provision for the year	6,443	10,143
Capital gains tax on revaluation surplus (Note 30(g))	<u>-</u>	<u>24,576</u>
Balance at the end of the year	<u>103,294</u>	<u>96,851</u>

- (f) (i) The total value of provisions and foreign exchange differences that will crystallise into deferred tax asset in future is N18,979,286 (2013: N12,522,657) an increase during the year of N6,456,629 (2013: N7,108,347) resulting in deferred tax asset of N5,694,000 (2013: N3,756,797) that could be utilised to offset future income tax liability.
- (ii) As a result of accelerated income tax capital allowances, the carrying amount of property, plant and equipment at the Statement of Financial Position date exceeded their corresponding tax written down value by N261,938,456 (2013:240,462,237) an increase during the year of N21,476,219 (2013 : N34,971,757), resulting in deferred tax liability of N103,294,000 (2013: N96,851,000) that will become payable in future periods upon reversal of this timing difference.

(g)	<u>Tax Expense recognised in Other Comprehensive Income</u>	2014	2013
		<u>N'000</u>	<u>N'000</u>
	Capital gains tax on revaluation surplus	<u>-</u>	<u>24,576</u>
The income tax expense for the year can be reconciled to the accounting profit as per the statement of comprehensive income as follows:			
		<u>N'000</u>	<u>N'000</u>
	Profit Before Tax	<u>348,117</u>	<u>393,300</u>
	Expected tax charge based on the standard rate on Nigeria corporate tax at the domestic rate of 30% (2013: 30%)	104,435	117,990
	Effect of income that is exempt from taxation	(2,050)	(3,103)
	Effect of expenses that are not deductible in determining taxable profit	30,949	30,302
	Balancing charge	717	1,969
	Investment allowance	(395)	(504)
	Capital allowances absorbed	(32,859)	(31,745)
	Education tax	8,889	9,679
	Deferred tax provisions	4,506	8,010
	Tax expense recognised in profit or loss	<u>114,192</u>	<u>132,598</u>
	Effective rate	<u>0.33</u>	<u>0.34</u>

The tax rate used for 2014 and 2013 reconciliation above is the corporate tax rate of 30% & 2% (for tertiary education tax) payable by corporate entities in Nigeria on taxation profits under tax law in the country, for the year ended 31 March 2014.

(h) Calculation of deferred tax

	Opening balance at 1 April 2013 N'000	Recognized in net income N'000	Recognized in Other Comprehensi ve Income N'000	Closing Balance at 31 March 2014 N'000
Deferred tax liabilities:				
Excess of NBV over TWDV	72,138	6,443	-	78,581
Unrealised Exchange gain	137	-	-	137
	<u>72,275</u>	<u>6,443</u>	<u>-</u>	<u>78,718</u>
Surplus on valuation of property, plant and equipment	24,576	-	-	24,576
	<u>96,851</u>	<u>6,443</u>	<u>-</u>	<u>103,294</u>
Deferred tax assets:				
Unrealised exchange loss	324	1,926	-	2,250
Provision for bad and doubtful debts	3,144	1,590	-	4,734
Provision for social responsibility	(1,719)	(1,579)	-	(3,298)
Provision for slow moving titles	2,008	-	-	2,008
Provision for diminution on investment	-	-	-	-
	<u>3,757</u>	<u>1,937</u>	<u>-</u>	<u>5,694</u>
Net deferred tax liability	<u>(93,094)</u>	<u>4,506</u>	<u>-</u>	<u>(97,600)</u>

- (b) Buildings were professionally valued by Messrs Diya, Fatimilehin & Co. (Estate Surveyors and Valuers) as at 31 March 1999 on the basis of their open market values. The revised value of the properties was N129,438,000 resulting in a surplus on revaluation of N125,666,740 was credited to the property, plant and equipment revaluation reserve
- (c) Land and buildings were again professionally valued by Messrs Jide Taiwo & Co (Estate Surveyors and Valuers) as at 6 April 2006 on the basis of their open market values. The total revised value of the properties was N221,000,000 resulting in a surplus on revaluation of N84,058,000 was credited to the property, plant and equipment revaluation surplus and which increased the balance on property, plant and equipment revaluation reserve account to N209,725,000.
- (d) Land and buildings in four locations were professionally valued by Messrs Jide Taiwo & Co (Estate Surveyors and Valuers) as at 31 March 2011 on the basis of their open market values. The total revised value of the properties was N665,842,000 resulting in a reserve on revaluation of N448,390,000 was credited to the property, plant and equipment revaluation reserve and which increased the balance on property, plant and equipment revaluation surplus account to N658,115,000.
- (e) Included as part of land and buildings is a landed property amounting to N6,367,532 that was purchased by the Company but which the title documents are yet to be perfected.
- (f) Land and building were professionally valued by Messrs Jide Taiwo & Co (Estate Surveyors and Valuers) as at March 2013 on the basis of their open market value. The total revised value of the properties was N260,000,000 resulting in the revaluation surplus of N245,760,864 and this has been credited to the property, plant and equipment revaluation account as at 31 March 2013, net of capital gain tax of N24,576,000 and which increased the balance on property, plant and equipment revaluation surplus to N879,300,000.

<u>Inventories and work-in-progress</u>		2014	2013
		N'000	N'000
33(a)	Books	930,792	994,837
	Provision for obsolete inventories (Note 33(b))	(53,796)	(53,017)
		<u>876,996</u>	<u>941,820</u>
	Papers (Note 33(c))	3,682	5,252
	Work-in-progress	29,701	13,292
	Goods-in-transit	17,749	2,271
	Consumables	1,407	1,164
		<u>929,535</u>	<u>963,799</u>
(b) <u>Provision for obsolete inventories</u>		N'000	N'000
	Balance at the beginning of the year	53,017	43,973
	Provision for the year	779	9,044
	Balance at the end of the year	<u>53,796</u>	<u>53,017</u>
(c) <u>Papers</u>			
	Papers	4,915	6,606
	Provision for obsolete inventories	(1,233)	(1,354)
		<u>3,682</u>	<u>5,252</u>
<u>Trade receivables</u>		N'000	N'000
34(a)	Trade receivables	431,301	118,765
	Provision for impairment of receivables (Note 34(b))	(15,785)	(15,148)
		<u>415,516</u>	<u>103,617</u>
<u>Provision for impairment</u>		N'000	N'000
The movement in provision for impairment is as follows:			
(b)	Balance at the beginning of the year	15,148	7,914
	Provision for the year	3,519	7,234
	Bad debt written off	(2,882)	-
	Balance at the end of the year	<u>15,785</u>	<u>15,148</u>
<u>Other receivables and prepayments</u>		N'000	N'000
35(a)	Prepayments	8,758	18,698
	Sundry debtors (Note 35(b))	106,661	78,176
		<u>115,419</u>	<u>96,874</u>
<u>Sundry debtors</u>		N'000	N'000
(b)	These comprise:		
	Staff debtors	69	340
	Recoverable workshop expenses	13,105	14,551
	WHT recoverable	57,693	60,344
	Insurance claims	26,867	-
	Royalty advances to authors	3,900	4,676
	Other debtors	20,578	12,904
		<u>122,212</u>	<u>92,815</u>
	Provision for impairment (Note 35(c))	(15,551)	(14,639)
	Balance at the end of the year (Note 35(a))	<u>106,661</u>	<u>78,176</u>
<u>Provision for impairment</u>		N'000	N'000
The movement in provision for impairment is as follows:			
(c)	Balance at the beginning of the year	14,639	11,393
	Provision for the year	912	3,246
	Balance at the end of the year	<u>15,551</u>	<u>14,639</u>

		2014 N'000	2013 N'000
<u>Trade payables</u>			
36	Trade payables	<u>28,506</u>	<u>6,543</u>
<u>Other payables and accruals</u>			
		N'000	N'000
37(a)	Deposit for special publications	23,262	20,317
	Other suppliers	154,541	94,784
	Staff pension fund (note 37 (b))	2,896	2,606
	Royalty payable(note 37 (c))	194,000	188,046
	Staff incentive	18,322	22,349
	WHT Payable	21,896	17,232
	Provision for audit fees (note 37(d))	3,634	2,815
	Corporate social responsibility (note 37 (e))	987	6,249
	Other payables	<u>29,566</u>	<u>26,326</u>
		<u>449,104</u>	<u>380,724</u>
(b)	<u>Staff Pension Fund</u>		
		N'000	N'000
	Balance at the beginning of the year	2,606	3,210
	Charge for the year	32,075	35,759
	Payments during the year	<u>(31,785)</u>	<u>(36,363)</u>
	Balance at the end of the year (Note 37(a))	<u>2,896</u>	<u>2,606</u>
Contribution to staff pension fund is payable to Pension Fund Custodian/Administrator.			
(c)	<u>Royalty</u>	N'000	N'000
	Opening balance	188,046	175,845
	Charge for the year	163,026	156,624
	Payments	<u>(157,072)</u>	<u>(144,423)</u>
	Balance at the end of the year	<u>194,000</u>	<u>188,046</u>

	2014 N'000	2013 N'000
(d) Provision for audit fees		
Balance at the beginning of the year	2,815	2,940
Charge for the year	5,415	4,248
Payments during the year	(4,596)	(4,373)
Balance at the end of the year	<u>3,634</u>	<u>2,815</u>

(e) **Corporate Social Responsibility**

This represents 2% of the Profit before taxation and before provision for corporate social responsibility.

	N'000	N'000
Balance at the beginning of the year	6,249	11,980
Amount utilised during the year	(5,262)	(5,731)
Provision for the year	-	-
Balance at the end of the year (Note 37 (a))	<u>987</u>	<u>6,249</u>

Unclaimed dividends

	N'000	N'000
38(a) Balance at the beginning of the year	33,803	15,927
Additions during the year	4,508	18,181
Payments the during year	(1,280)	(305)
Transfer from dividend payable account (Note 39)	-	-
Balance at the end of the year	<u>37,031</u>	<u>33,803</u>

- (b) Unclaimed dividends are the amounts payable to Nigerian shareholders in respect of dividends previously declared by the Company which have been outstanding for more than 15 months after the initial payment.

Dividend payable

	N'000	N'000
39. Balance at the beginning of the year	-	-
Declared dividend	150,993	150,993
Payments during the year	(150,993)	(150,993)
Transfer to unclaimed dividends (Note 38 (a))	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

Retirement benefits

	N'000	N'000
40(a) Balance at the beginning of the year	14,107	-
Provision for the year	48,838	45,117
Actuarial loss on defined benefit plan (Note 40(b))	-	14,107
Write back of actuarial loss on defined benefit plan (Note 45)	(10,577)	-
Payments to Fund Administrator	(41,341)	(27,205)
Payments to retired staff during the year	(7,497)	(17,912)
Balance at the end of the year	<u>3,530</u>	<u>14,107</u>

- (b) The Company operates a funded defined benefit plan for all qualifying employees. The most recent actuarial valuations of the present value of the retirement gratuity obligation were carried out for the year ended 31 March 2014 by HR Nigeria Limited. The report is as summarised below:

	2014 N'000	2013 N'000
Accrued liability	175,013	144,250
Fund value	(171,483)	(130,143)
Deficit	<u>3,530</u>	<u>14,107</u>

Share capital

	2014		2013	
41(a) Authorised:	Number '000	Value N'000	Number '000	Value N'000
Ordinary shares of 50 kobo each	<u>2,000,000</u>	<u>1,000,000</u>	<u>500,000</u>	<u>250,000</u>
(b) Issued and fully paid				
Balance at the beginning and end of the year	<u>431,410</u>	<u>215,705</u>	<u>431,410</u>	<u>215,705</u>

- (c) At the Annual General Meeting held on 26 September 2013, it was resolved to increase the Company's authorised share capital from N250,000,000 to N1,000,000,000 by the creation of additional 1,500,000,000 ordinary shares of 50k each ranking pari passu in all respect with the existing 500,000,000 ordinary shares of the Company.

Share premium

	2014 N'000	2013 N'000
42. Balance at the beginning of the year	175,507	175,507
Increase in authorised share capital expenses	(16,880)	-
Balance at the end of the year	<u>158,627</u>	<u>175,507</u>

<u>Capital reserve</u>		2014 N'000	2013 N'000
43(a).	Balance at the beginning and end of the year	<u>1,442</u>	<u>1,442</u>
(b)	This represents 40% of profits retained on cessation of the Nigerian Branch of Oxford University Press. The amount is not remittable but is to be spent in Nigeria.		
<u>Property, plant and equipment revaluation reserve</u>			
44.	The movement in revaluation reserve is as follows:	N'000	N'000
	Balance at the beginning of the year	<u>879,300</u>	<u>658,115</u>
	Transfer from property, plant and equipment (note 32)		
	Cost	-	245,127
	Accumulated depreciation	-	634
	Capital Gain Tax	-	(24,576)
		<u>-</u>	<u>221,185</u>
	Balance at the end of the year	<u>879,300</u>	<u>879,300</u>
<u>Reserve on actuarial valuation of gratuity</u>			
45.	Balance at the beginning of the year	(14,107)	-
	Write back during the year (Note 40(a))	<u>10,577</u>	<u>(14,107)</u>
	Balance at the end of the year	<u>(3,530)</u>	<u>(14,107)</u>
<u>Revenue reserve</u>			
46(a)	Balance at the beginning of the year	907,779	798,070
	Dividend declared and paid	<u>(150,993)</u>	<u>(150,993)</u>
		<u>756,786</u>	<u>647,077</u>
	Retained profit for the year	<u>233,925</u>	<u>260,702</u>
	Balance at the end of the year	<u>990,711</u>	<u>907,779</u>
(b)	On 26 September 2013, the shareholders declared a dividend of 35k per share amounting to N150,993,326 during the Annual General Meeting. The sum of N150,993,326 has been paid to the shareholders whose names were registered in the Company's register of members at close of business on 30 August 2013.		
(d)	For the current year, a dividend of 35k 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.		
<u>Reconciliation of net profit to net cash provided by operating activities</u>			
47.	Profit after taxation	N'000 233,925	N'000 260,702
	Adjustments to reconcile net income to net cash provided		
	Depreciation of property, plant and equipment	91,441	82,759
	Profit on disposal of property, plant and equipment	(1,564)	(4,127)
	Dividend received	(8)	(6)
	Profit on disposal of available-for-sale financial assets	-	(30)
	Interest received	(15,612)	(22,601)
	Actuarial loss on defined benefit plan	-	(14,107)
	Write back of actuarial loss on defined plan	10,577	
	Capital gains tax on revaluation surplus	-	(24,576)
		<u>318,759</u>	<u>278,014</u>
	Changes in assets and liabilities:		
	Decrease in inventories and work-in-progress	34,264	170,185
	Increase in trade receivables	(311,899)	(11,867)
	Increase in other receivables	(18,545)	(55,156)
	Increase/(decrease) in trade payables	21,963	(278,979)
	Increase in other payables	68,380	53,227
	Increase in unclaimed dividends	3,228	33,803
	Increase in deferred tax asset	(1,937)	(2,133)
	Decrease in income tax liability	(14,902)	(34,359)
	Increase in deferred tax liability	6,443	34,719
	(Decrease)/increase in gratuity	<u>(10,577)</u>	<u>14,107</u>
		<u>(223,582)</u>	<u>(76,453)</u>
		<u>95,177</u>	<u>201,561</u>

Cash and Cash equivalents

48. For the purpose of the statement of cash flows, cash comprises cash at bank and in hand and short term deposits. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2014 N'000	2013 N'000
Cash at bank and in hand	91,367	35,790
Short term deposits	93,951	319,285
	<u>185,318</u>	<u>355,075</u>

Capital commitments

49. There were no commitments for capital expenditure at the statement of financial position date (2013 : Nil).

Contingent liabilities

- 50(a) There was a contingent liability of N75,005,000 (2013: N11,190,646) in respect of customers' liabilities for guarantees with a commercial bank as at year ended 31 March 2014
- (b) The Company has unutilised import finance facility and bond guarantee line of N352 million and N1 billion respectively at year end. Security/collateral in respect of the facilities are:
- (i) Lien on 20% of APG proceeds
 - (i) Legal mortgage over office complex belonging to the Company
 - (iii) Continuing and unconditional personal Guarantee of the Managing Director
 - (iv) Counter indemnity of University Press Plc
- (c) No provision has been made in these financial statements for the potential capital gains tax of N65,812,000 (2013 : N65,812,000) which would arise if the revalued property, plant and equipment referred to in note 32(d) were disposed of at the enhanced value. It is however not the intention of the Board to dispose of these property, plant and equipment as they are required for the operations of the Company.
- (d) There were contingent liabilities in respect of legal actions against the Company, the monetary amount of which cannot be vividly quantified. No provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe that any material liability will eventually be borne by the Company.

Related party transactions

- 51(a). Related parties include the Directors, key management personnel, close family members and companies which are controlled by these individuals.
- (b) Total remuneration of related parties recognised in the statement of comprehensive income are as disclosed in Note 29(b) to the financial statements.

Post balance sheet events

52. No events or transactions have occurred since 31 March 2014 which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order not to make them misleading as to the financial position or results of operations at 31 March 2014.

Comparative figures

53. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with International Accounting Standard (IAS)1.

UNIVERSITY PRESS PLC

FINANCIAL STATEMENTS, 31 MARCH 2014

STATEMENT OF VALUE ADDED

	2014 N'000	%	2013 N'000	%
Turnover	2,438,270		2,312,711	
Bought in materials and services				
- Local	(949,863)		(872,581)	
- Import	(698,723)		(624,641)	
Value added	<u>789,684</u>	<u>100</u>	<u>815,489</u>	<u>100</u>
Value added as a percentage of turnover	<u>32%</u>		<u>35%</u>	
Applied as follows:				
To pay employees' salaries, wages and fringe benefits	350,126	44	339,430	42
To pay taxes to Government	114,192	14	132,598	16
To provide for maintenance of property, plant and equipment	91,441	12	82,759	10
Retained for Company's growth and to pay dividend to shareholders	<u>233,925</u>	<u>30</u>	<u>260,702</u>	<u>32</u>
	<u>789,684</u>	<u>100</u>	<u>815,489</u>	<u>100</u>

UNIVERSITY PRESS PLC

FINANCIAL STATEMENTS, 31 MARCH 2014

FIVE YEAR FINANCIAL SUMMARY

TURNOVER, PROFIT, AND TAXATION

	← IFRS →				NGAAP
	2014 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000
Turnover	<u>2,438,270</u>	<u>2,082,124</u>	<u>2,082,124</u>	<u>1,868,291</u>	<u>1,923,978</u>
Profit before taxation	348,117	393,300	343,512	326,631	410,367
Taxation	<u>(114,192)</u>	<u>(132,598)</u>	<u>(116,085)</u>	<u>(115,256)</u>	<u>(133,544)</u>
Profit after taxation	<u>233,925</u>	<u>260,702</u>	<u>227,427</u>	<u>211,375</u>	<u>276,823</u>
Dividend declared	<u>-</u>	<u>150,993</u>	<u>150,993</u>	<u>143,803</u>	<u>119,836</u>
<u>FINANCIAL POSITION</u>					
Property, plant and equipment	1,321,924	1,299,120	1,019,540	1,064,364	531,250
Deferred tax asset	5,694	3,757	1,624	-	-
Current assets	1,645,788	1,519,365	1,661,773	1,342,915	1,490,953
Liabilities	<u>(731,151)</u>	<u>(656,616)</u>	<u>(834,098)</u>	<u>(633,953)</u>	<u>(764,840)</u>
Total net assets	<u>2,242,255</u>	<u>2,165,626</u>	<u>1,848,839</u>	<u>1,773,326</u>	<u>1,257,363</u>
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE ENTITY</u>					
Share capital	215,705	215,705	215,705	215,705	179,753
Share premium	158,627	175,507	175,507	175,507	211,458
Capital reserve	1,442	1,442	1,442	1,442	1,442
Property, plant and equipment revaluation surplus	879,300	879,300	658,115	658,115	209,725
Reserve on actuarial valuation of gratuity	(3,530)	(14,107)	-	-	-
Revenue reserve	<u>990,711</u>	<u>907,779</u>	<u>798,070</u>	<u>722,557</u>	<u>654,985</u>
	<u>2,242,255</u>	<u>2,165,626</u>	<u>1,848,839</u>	<u>1,773,326</u>	<u>1,257,363</u>
Basic earnings per share	<u>54.22k</u>	<u>60.43k</u>	<u>52.72k</u>	<u>48.99k</u>	<u>77.00k</u>
Net assets per share	<u>N5.19k</u>	<u>N5.02k</u>	<u>N4.29k</u>	<u>N4.11k</u>	<u>N3.49k</u>