

NIIT WEST AFRICA LIMITED
(Registration number RC:945639)
Trading as NIIT WEST AFRICA LIMITED
Financial statements
for the year ended 31 March 2015

Emmanuel Adeyemo Ogunlowo & Co
Chartered Accountants
Published 25 May 2015

NIIT WEST AFRICA LIMITED

(Registration number RC:945639)

Trading as NIIT WEST AFRICA LIMITED

Financial Statements for the year ended March 31, 2015

General Information

Country of incorporation and domicile	Nigeria
Nature of business and principal activities	Information Technology Solutions
Registered office	29, Ogunlowo Street Off Obafemi Awolowo Way Ikeja, Lagos Nigeria +234
Bankers	Zenith Bank Plc
Auditors	Emmanuel Adeyemo Ogunlowo & Co (Chartered Accountants)
Secretaries	Ebao Nominees Limited
Tax reference number	10693426-0001

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Directors' Report

Name	Nationality	Changes
Rajendran Parappil	Indian	Appointed
Lal Ajai Manohar	Indian	Resigned
Saravanan Lakshmanan	Indian	Appointed
Pankaj Maheshwari	Indian	Appointed

6.. Secretaries

The secretaries of the company are Ebao Nominees Limited of:

Business address

29, Ogunlowo Street
Off Obafemi Awolowo Way
Ikeja, Lagos
Nigeria

Postal address


P.O BOX 756
Ikeja, Lagos
Nigeria


7.. Auditors

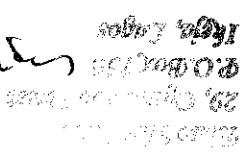
Emmanuel Adeyemo Ogunlowo & Co will continue in office in accordance with section 357 subsection 2 of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004..

The financial statements set out on page 7 to 21, which have been prepared on the going concern basis, were approved by the board of directors on May 25, 2015 and were signed on its behalf by:

Approval of financial statement


Pankaj Maheshwari
Director
FRC/


EBAO Nominees
Company Secretaries


EBAO NOMINEES
29, Ogunlowo Street
Off Obafemi Awolowo Way
Ikeja, Lagos
Nigeria

Ibadan Office:
17, Plot 19, Ilaro Street, Old Bodija
Ibadan,
Oyo State, Nigeria.
Tel: 08036736270.

Office Address:
29, Ogunlowo Street, Obafemi Awolowo Way,
Near Lagos Airport Hotel, P.O. Box 2126, Ikeja,
Lagos State, Nigeria.
E-mail: emmanuel@ogunlowo.com Website: www.ogunlowo.com
Tel: 08071503538, 08033048571.

Independent Auditors' Report To the members of NIIT WEST AFRICA LIMITED

Report on the Financial Statements

We have audited the financial statements of NIIT WEST AFRICA LIMITED, which comprise the statement of financial position as at March 31, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 4 to 21.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, the International Financial Reporting Standards and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 auditor considers internal control 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NIIT WEST AFRICA LIMITED as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, the International Financial Reporting Standards and the Financial Reporting Council of Nigeria Act, 2011.

Report on Other Legal and Regulatory Requirements

As required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, the International Financial Reporting Standards and the Financial Reporting Council of Nigeria Act, 2011 we report to you, based on our audit, that:

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

Signed:
Bamidele Ogunlowo (FCA)
FRC/2013/ICAN/2497
for Emmanuel Adeyemo Ogunlowo & Co
(Chartered Accountants)



May 26, 2015

NIIT WEST AFRICA LIMITED

(Registration number RC 945639)
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Financial Statements for the year ended March 31, 2015

Statement of Comprehensive Income

	Note(s)	2015 N. '000	2014 N. '000
Revenue	11	103,475	131,731
Cost of sales	12	(74,892)	(110,306)
Operating expenses	13	(50,179)	(29,592)
Employee costs	14	(17,220)	(16,964)
Depreciation, amortisation and Impairment expenses		(639)	(475)
Operating loss		(39,455)	(25,606)
Investment revenue	15	12,915	3,561
Loss before taxation		(26,540)	(22,045)
Taxation	16	(312)	1,044
Loss for the year		(26,852)	(21,001)
Other comprehensive income		-	-
Total comprehensive loss for the year		(26,852)	(21,001)
Total comprehensive loss attributable to:			
The Shareholders		(26,852)	(21,001)

The accounting policies and the notes on pages 11 to 21 form an integral part of the financial statements.

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Financial Statements for the year ended March 31, 2015

Statement of Financial Position as at March 31, 2015

	Note(s)	2015 N. '000	2014 N. '000
Assets			
Non-Current Assets			
Property, plant and equipment	2	3,067	3,706
Deferred tax	3	-	312
		<u>3,067</u>	<u>4,018</u>
Current Assets			
Inventories	4	56,023	42,476
Trade and other receivables	5	17,156	4,386
Cash and cash equivalents	6	137,602	137,252
		<u>210,781</u>	<u>184,114</u>
Total Assets		<u>213,848</u>	<u>188,132</u>
Equity and Liabilities			
Equity			
Share capital	7	11,637	11,637
Accumulated loss	8	(60,067)	(33,215)
		<u>(48,430)</u>	<u>(21,578)</u>
Liabilities			
Current Liabilities			
Trade and other payables	10	262,278	209,710
Total Equity and Liabilities		<u>213,848</u>	<u>188,132</u>

The financial statements and the notes on page 7 to 21, were approved by the board of directors on the May 25, 2015 and were signed on its behalf by:

Saravanan Lakshmanan
Director
FRC/


Pankaj Masheshwari
Director
FRC/

The accounting policies and the notes on pages 11 to 21 form an integral part of the financial statements.

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Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
	N. '000	N. '000	N. '000	N. '000	N. '000
Balance at April 01, 2013	10,000	1,637	11,637	(12,214)	(577)
Loss for the year	-	-	-	(21,001)	(21,001)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	(21,001)	(21,001)
Balance at April 01, 2014	10,000	1,637	11,637	(33,215)	(21,578)
Loss for the year	-	-	-	(26,852)	(26,852)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	(26,852)	(26,852)
Balance at March 31, 2015	10,000	1,637	11,637	(60,067)	(48,430)
Note(s)	7	7	7		

The accounting policies and the notes on pages 11 to 21 form an integral part of the financial statements.

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Statement of Cash Flows

	Note(s)	2015 N. '000	2014 N. '000
Cash flows from operating activities			
Cash receipts from customers		209,432	209,432
Cash paid to suppliers and employees		(209,082)	(146,761)
Cash generated from operations	18	350	62,671
Interest income		-	-
Withholding tax paid		(3,935)	(635)
PAYE paid		(8,980)	(2,926)
Net cash from operating activities		(12,565)	59,110
Cash flows from investing activities			
Cash flows from financing activities			
Interest received	15	12,915	3,561
Total cash movement for the year		350	62,671
Cash at the beginning of the year		137,252	74,581
Total cash at end of the year	6	137,602	137,252

The accounting policies and the notes on pages 11 to 21 form an integral part of the financial statements.

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Notes to the Financial Statements

2015	2014
N. '000	N. '000

1. Significant Accounting Policies

Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies and Allied Matters Act 1990. The financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in Nigeria Nairas.

Statement of Significant Accounting Policies

The significant accounting policies adopted by the Company are detailed below:

i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

ii) Fixed Assets, Depreciation and Amortisation

Fixed Assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Amortization of Software is done over the useful life of the software from the date the software was put to use. Depreciation and amortization is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets determined as follows:

Plant and Machinery including:	
Computers, printers and related accessories	5 years
Office Equipment and Electronic equipment	8 years
Air Conditioners	10 years
Assets acquired under lease	Lease Period
All other assets (including vehicles)	4 years

iii) Revenue Recognition

The revenue in respect of sale of courseware including technical information and reference material and other goods are recognized on dispatch / delivery of the material to the customer. TIRM fee is recognized when the related technical information material is dispatched to the business partner. In respect of Software projects/Service revenue is recognized proportionately on the Completion of the agreed milestone with the customer. Interest on bank deposits is recognized on accrual basis. Additional text

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2015 N. '000	2014 N. '000
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iv) Employee Benefits

a) Gratuity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees in accordance with the company policy. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Company's liability is actuarially determined at the end of the year. Actuarial losses/ gains are charged/ credited to the Profit and Loss Account in the year in which such losses/ gains arise.

b) Compensated Absences

Liability in respect of compensated absences is provided both for en-cashable leave and those expected to be availed. The Company has defined benefit plans for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Any gain or loss arising out of such valuation is recognized in the Profit and Loss Account.

v) Foreign Currency Transactions

Transactions in foreign currency are booked at standard rates determined periodically which approximates the actual rates, and all monetary assets and liabilities in foreign currency is restated at the end of accounting period. Gain/Loss arising out of fluctuations on realization/payment or restatement is charged/ credited to the Profit and Loss Account.

vi) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators for the trade receivable to be impaired. The amount of the provision is recognized in the income

vii) Investments

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline, is recognized and charged to Profit and Loss Account. Short-term investments are carried at cost or market value, whichever is lower.

viii) Taxation

Tax expense comprising of both current tax and deferred tax is included in determining the net results for the year. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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2015
N. '000

2014
N. '000

ix) Provisions and Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. Disclosure of show cause notices are made on merits of the matters where management foresees possibilities of outflow of resources.

x) Inventory Valuation

Inventories are valued at lower of cost or net realizable value. Cost is determined using weighted average method and includes applicable cost incurred in bringing inventories to their present location and condition.

2. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Motor vehicles	4,745	(1,678)	3,067	4,745	(1,039)	3,706

Reconciliation of property, plant and equipment - 2015

	Opening balance	Depreciation	Total
Motor vehicles	3,706	(639)	3,067

Reconciliation of property, plant and equipment - 2014

	Opening balance	Depreciation	Total
Motor vehicles	4,180	(474)	3,706

2.1 Impairment losses recognised in the year

There were no impairment losses recognized during the year.

2.2 Contractual commitments

At 31 March 2015 (2014: NIL), the company had no contractual commitments for the acquisition of property, plant and equipment.

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	2015 N. '000	2014 N. '000
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3. Deferred tax

Deferred tax liability

Property plant and equipment	-	312
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	-	312
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Reconciliation of deferred tax asset

At beginning of year	312	(732)
Taxable / (deductible) temporary difference movement on tangible fixed assets	(312)	1,044
	-	312

Recognition of deferred tax asset

Deferred tax asset is recognised to the extent that there is probability of future taxable profits or taxable temporary difference available for offset. Deferred tax assets have not been recognized in respect of the following items.

Unrecognised deferred tax asset

Deductible temporary differences not recognised as deferred tax assets	(356)	-
Unused tax losses not recognised as deferred tax assets	11,232	6,059
Unused tax credits not recognised as deferred tax assets	1,179	-
	12,055	6,059

The tax losses expire in 2019. The deductible temporary difference and unused tax credit do not expire under tax law. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

4. Inventories

Educational materials	56,023	42,476
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The cost of inventories recognised as an expense during the year was N74.89million (2014: N 111.23million).

Inventory pledged as security

No inventory was pledged as security during the year (2014: Nil).

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	2015 N. '000	2014 N. '000
5. Trade and other receivables		
Trade receivables	9,723	3,693
Prepayments	5,855	-
Deposits	585	-
Other receivables	993	693
	<u>17,156</u>	<u>4,386</u>
6. Cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:		
Bank balances	28,127	20,691
Short-term deposits	109,475	116,561
	<u>137,602</u>	<u>137,252</u>
7. Share capital		
Authorised		
10,000,000 Ordinary shares of N 1.00 each	<u>10,000</u>	<u>10,000</u>
Issued		
10,000,000 Ordinary shares of N 1.00 each	10,000	10,000
Share premium	1,637	1,637
	<u>11,637</u>	<u>11,637</u>
All the ordinary shares rank parri passu in all respects. To the company's knowledge and belief, there are no restrictions on the transfer of shares in the company or on voting rights between holders of shares.		
8. Retained earnings		
Balance as at 1st April	(33,215)	(12,214)
Transfer from the statement of Comprehensive income	(26,852)	(21,001)
Balance as at 31st March	<u>(60,067)</u>	<u>(33,215)</u>

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22. Events after the reporting period

The Directors are of the opinion that there were no post balance sheet events that could have material effect on the state of affairs of the company as at 31 March 2015 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

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	2015 N. '000	2014 N. '000
9. Earnings per share		
Share capital		
No of ordinary share in issue	10,000	10,000
Profit		
Profit attributable to the shareholders	(26,852)	(21,001)
Earnings per share in Naira	(2.68)	(2.10)
10. Trade and other payables		
Trade payables	181,281	180,833
Advance from customers	53,584	4,033
Amount due to staff	5,280	1,474
Other payables	464	345
Accrued expense	21,669	23,025
	262,278	209,710
Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.		
11. Revenue		
Sale of education and training materials	103,475	131,731
12. Cost of sales		
Sale of goods		
Education and training materials	74,892	110,306

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	2015 N. '000	2014 N. '000
17. Auditors' remuneration		
Fees	2,000	2,000
18. Cash generated from operations		
Loss before taxation	(26,540)	(22,045)
Adjustments for:		
Depreciation and amortisation	639	475
Changes in working capital:		
Inventories	(13,547)	(10,974)
Trade and other receivables	(12,770)	841
Trade and other payables	52,568	94,374
	350	62,671
19. Related parties		
Relationships		
Holding company (99% holding)	NIIT Antilles N.V (CURACAO)	
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
NIIT ANTILLES N.V	(157,412)	(150,631)
Purchases		
NIIT ANTILLES N.V	64,155	111,257

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	2015	2014
	N. '000	N. '000

20. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Financial assets

Cash and cash equivalents	137,602	137,252
Trade and other receivables	17,156	4,386
	<u>154,758</u>	<u>141,638</u>

Financial liabilities

Trade and other payables	<u>262,278</u>	<u>209,710</u>
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Liquidity risk

Liquidity risk is the risk that the company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the company is unable to meet settlement obligations to the acquiring banks due to failure of an issuing bank to pay

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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	2015	2014
	N. '000	N. '000

20. Risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company uses publicly available financial information and its own trading records to rate its customer. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The carrying amount of financial assets represents the company's maximum exposure to credit risk, which at the reporting date, was as follows:

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Trade and other receivables	17,156	4,386

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The company is required to hedge their entire foreign exchange risk exposure with the company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the company use forward contracts, transacted with company treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

21. Going concern

We draw attention to the fact that at March 31, 2015, the company had accumulated losses of N 38.4m (60,067) and that the company's total liabilities exceed its assets by N 38.4m (48,430).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the company.