LONGHORN PUBLISHERS PLC

expanding minds

INTEGRATED REPORT & FINANCIAL STATEMENTS 2021

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About this Report

The Group

Longhorn Publishers PLC is the leading publisher of quality educational and creative books in the East, Central and South African region. We take pride in delivering world-class learning solutions with a range of well researched education products and services to governments, public and private institutions, professional bodies and individual learners across Africa.

Integrated Thinking

Our 2021 Annual Integrated Report is a demonstration of our commitment to, and strategies for, creating value for our clients, shareholders and community. This report aims to inform stakeholders about our financial and non-financial performance for the year ended 30th June, 2021.

The report also provides an opportunity for the Group to evaluate and report its progress, successes, challenges, plans and strategies. The report is prepared for existing and prospective investors and also for other stakeholders for purposes of transparency and accountability. Longhorn Publishers PLC's success is underpinned by its ability to deliver value to stakeholders anchored on a keen interest to deliver innovative learning solutions through sustainable business practices.

About Us

OUR PURPOSE
The reason we exist –Expanding minds

OUR MISSION
To enrich lives through knowledge.

OUR VISION
To be the number one provider of innovative learning solutions in Africa.

OUR CORE VALUES
Integrity, innovation, professionalism, get it done.

HOW WE WILL GET THERE
Collaboration, Innovation, Fast execution, Customer first

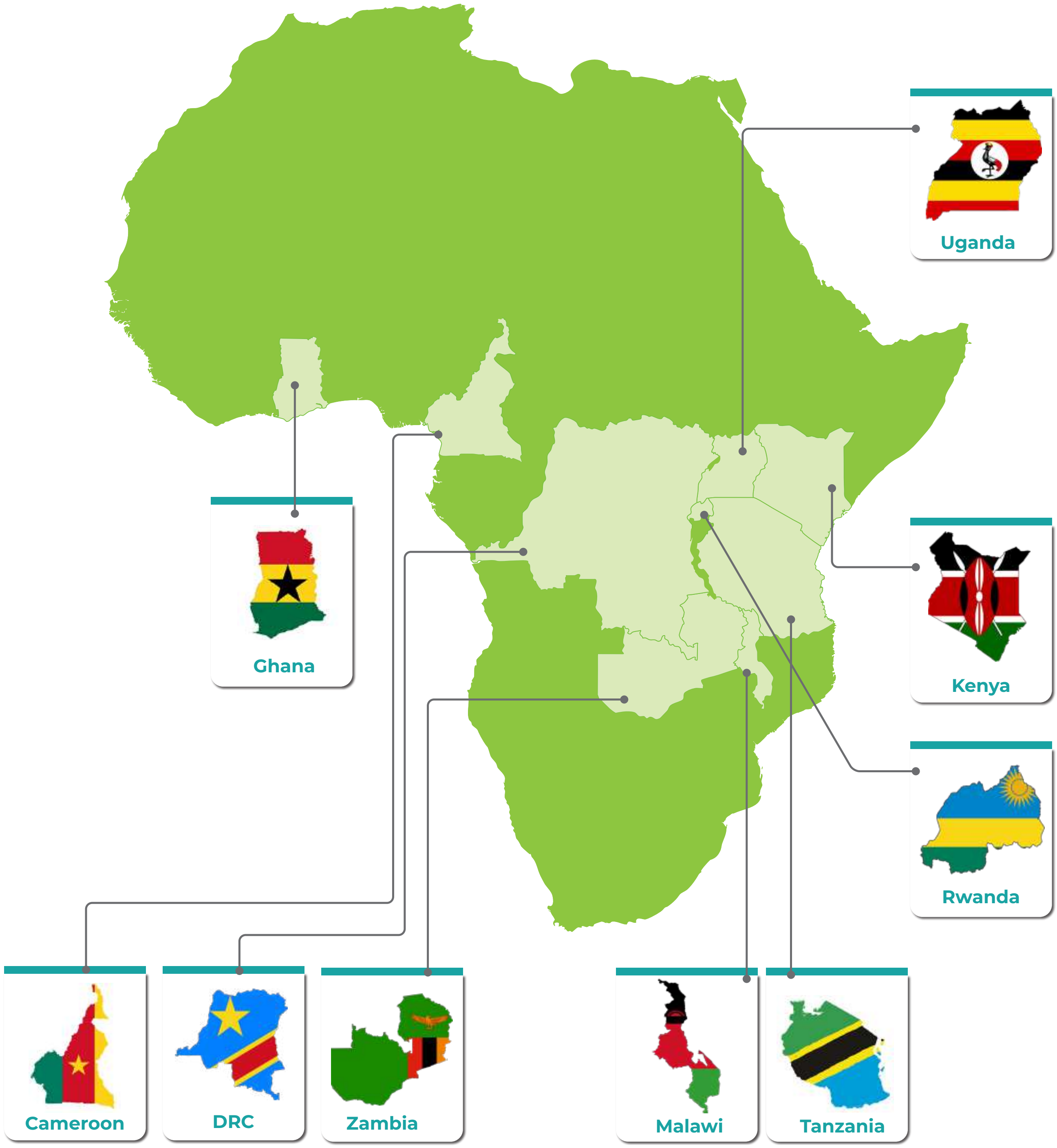
OUR IDENTITY
Content creators and platform business provider

Regional Ambassadors

The Group has developed **Atlases** and **Kamusi** that have been approved for use in schools in the regional markets we operate in.

About Us

Where Longhorn Publishers PLC operates



The Group operates in **9** markets. It has grown its presence across the continent and operates established subsidiaries in **Kenya**, **Uganda**, **Tanzania** and **Rwanda**. The Group has continued its expansion within the continent through establishment of partnerships in **Zambia**, **Malawi**, **DRC**, **Cameroon** and **Ghana**.

Longhorn Strategy

Strategic Objectives

Financial

- Growth in revenue and margins
- Unlocking digital valuation
- Consistent growth in shareholder returns - capital gains and dividends

Non-financial

- People and culture transformation
- Digital transformation
- Stronger brand
- Africa-wide presence
- Customer-centric

How we will get there

1 People and culture

- Culture transformation
- Recruitment
- Competence and capability
- Performance management
- Retention

2 Marketing

- Harnessing on our brand to create a network effect
- Revise our marketing strategy
- Customer focus in creating new value proposition

3 Digital transformation

- eLearning (Virtual and augmented reality, AI assessments, gamification etc)
- eBooks
- Platform as a Service (Digital Content Creation Tool, Self-publishing portal etc)
- Virtual school

Leverage on technology to create new revenue streams and grow existing ones

4 Make bold decisions on our current and new product offering

- New products – diversification from non-academic content
- Product structure – development and selling approach

5 Accelerating our regional growth strategy

- Government business and relationships
- Existing markets – Growth opportunities
- New markets – West and Francophone region

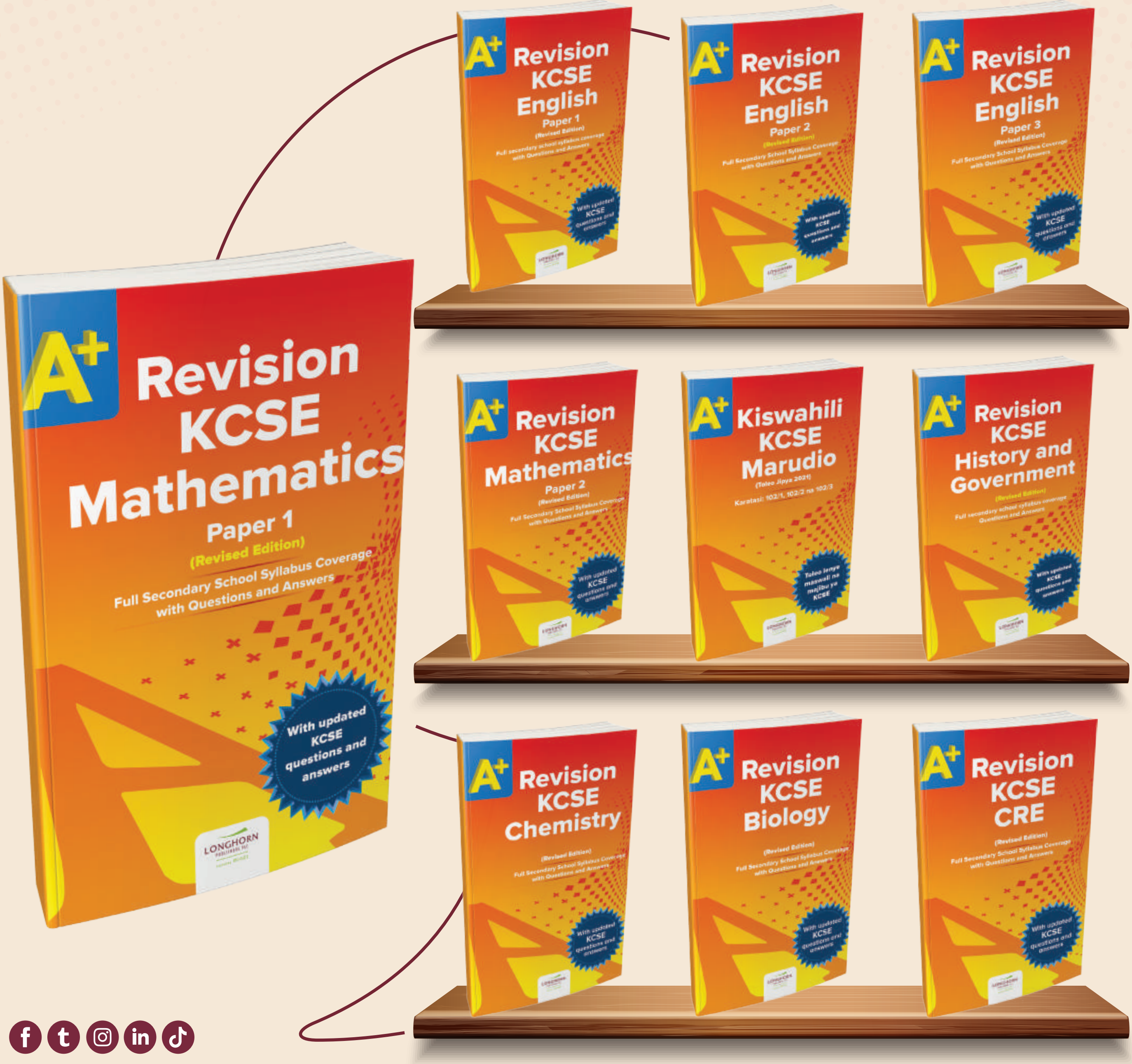
6 Sustainable financial model

- Financial discipline/ entrepreneurial mindset
- Revenue model
- Cost management
- Funding/investments
- Returns

LONGHORN
PUBLISHERS PLC
expanding minds

LONGHORN PUBLISHERS A+ REVISION KCSE

(REVISED EDITION, 2021)



AVAILABLE AT YOUR NEAREST BOOKSHOP

- New marking system for English and Kiswahili Papers has been covered to demonstrate expected results at KCSE.
- Current setbooks are covered in this revised edition.
- KCSE Testpapers and answers for up to 2020 examination.
- Elaborated key KCSE examination terms which allow the candidate to know how to approach the question and the extent of the response.
- Well summarised notes in line with the syllabus that help the candidate to get quick understanding of the content.
- Sample KCSE questions showing how examination is set.
- KCSE predictor questions that expose the candidate to a variety of possible questions likely to be set in KCSE level.
- Model KCSE test papers.
- Coloured illustrations to reinforce the understanding of theoretical concepts.

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Business Model

Our business model strives to oversee an efficient value chain supported by investments that ensure our strategic objectives are met through 4 main stages.

Value Chain

CAPITAL	PROCESS	OUTPUT
Intellectual Our business depends largely on intellectual input from various stakeholders including our authors and publishing staff across the region that drive our publications and product development.	• Receipt of manuscripts from authors • Editorial works on approved manuscripts • Digitization and digitalization of works • Generation of apps that supplement the standard forms of learning through print material	Academic and non -academic learning materials available in both print and digital forms.
Human We endeavour to create an environment that attracts, recruits and retains top talent to achieve our strategic goals.	• Culture transformation • Workplace flexibility • Hire fit-for-purpose talent • Continuous training and development • Competitive benefits based on industry rates • Diversification in the composition of staff and board members	
Social Our stakeholders are very important to us so we aim to create an environment that will enable us to holistically grow together.	• Customer appreciation initiatives • Corporate governance • Continuous engagement with our vendors through competitive procurement processes • Content creation in line with market needs	
Financial Our financial capital consists of a mix of equity and debt from investors and institutional lenders to support the organization’s strategic objectives.	• Continuous monitoring of top line movement • Continuous improvement in operations by employing measures to boost our operational efficiencies	

Business Model

Identification of a learning gap and determination of the expected learning outcomes 01

Identification of authors who develop manuscripts that address the identified gaps in the market 02

Production through generation of content and printing 03

Distribution of the books through a network of retailers and partners who in turn sell the products to the ultimate customer. 04

OUTCOMES

A. DIVERSIFICATION OF PRODUCTS AND REGIONAL MARKETS

Kenya
- Approval of CBC Grade 6 titles by KICD.
- Approval of Literary texts for Secondary and Tertiary Schools by KICD.

Zambia
- Developed 50 Mathematics and Science titles in Primary and Secondary level.

Malawi
- Submitted 40 titles for Standard 5 and 6 for approval.

Uganda
- Currently distributing 1,000,000 copies of P5 & P7 course books and Primary Atlas to government schools.
- The government has approved 51 assorted titles for the new curriculum for Senior 1 – Senior 4.

Tanzania
- Developed readers for Grades 1, 2, 3 and 4 in English and Kiswahili languages.
- TIE has approved primary and secondary titles for the market.

Cameroon
- Developing English and French titles for level 5 and 6 learners.

Democratic Republic of Congo
- Developed Primary Mathematics, Science and French textbooks for the market.

Ghana
- Developing titles for Primary level and Junior Secondary learners.

B. DIGITAL LEARNING

- An e-learning application offering fun, gamified content using machine learning and AI for learners.

C. OUR CUSTOMERS

- Visited various bookshops in the East African region to collect feedback and engage with the customers.
- During Customer Service Week, our Customer Care team visited various bookshops to appreciate our distributors.
- Continuously engage teachers to get feedback on our products.
- Launched an ambassadors' programme to improve brand awareness.

D. OUR COMMUNITIES

- Donated books worth Ksh 1.2M during the year.

E. OUR EMPLOYEES

- Had a total staff count of 112 during the FY
- Total staff salaries and benefits amounted to Ksh 165M
- Attained gender staff ratio of 1:1
- Sponsored 3773 hours of training through LinkedIn Learning
- Introduced workplace flexibility by enabling staff to work from home to reduce the risk of contracting Covid-19 while employees enjoy a better work-life balance.

F. BUSINESS GROWTH

- Revenue for the year increased by 16% to Ksh 1,244 million compared to prior year.
- The operating expenses for the year decreased by 53% compared to prior year due to the cost containment measures implemented during the year and streamlining of operations.
- The COVID-19 pandemic and its impact on the economies and people had the most significant impact on the business as captured in the financial statements.

Donation to Rotary Club of Rongai who supported Kipepeo Library located at Kware in Rongai

In collaboration with Caroline Mutoko, made a donation to Turning Pages Changing Lives Library in Nguluni, Machakos County

Sustainability

Longhorn Publishers PLC and Childfund partnership launch

Donating books at Wings of Hope Rescue Home, Kamulu

Sustainability

Donation to Muluti Primary School in Tawa, Makueni County

Awarding certificates to bookshops during Customer Service week

Sustainability

Awarding certificates to bookshops during Customer Service week

Donation to Gandini Primary School in Chasimba, Kilifi County

Business & Products

Language Services

Longhorn has diversified into all segments in the education sector in order to secure the Group's future growth and success in the market. Our language services segment is a product of the diversification strategy. Longhorn offers high quality, accurate and professional translation services to companies and individuals in Africa and beyond.

We offer high-quality translation services for all types of documents: commercial, non-commercial, technical and non-technical documents and subject matter. We strive to achieve a hundred percent satisfaction for our clients.

We have a team of specialist linguists, seasoned translators, and interpreters who handle content in their respective fields to bring out perfect results of the translated content and achieve a seamless messaging from the Source Language to the Target Language while taking cognizance of the cultural nuances that come up with changing backgrounds of the target audience.

For technical documents, we offer translation services in all disciplines, including but not limited to: Humanities, Linguistics, Natural Sciences, Subject-specific Educational Materials, Medicine, Law, Finance, Marketing as well as translation services for patents, websites, contracts, among others.

Our services

- Interpretation
- Translation
- Simultaneous Interpretation Equipment
- Executive Public Address Systems
- Transcription
- Website Localization
- Mobile Localization
- Software Localization
- Rapporteur Services
- Desktop Publishing

Why Choose Us?

1. We work with competent and specialized translators
2. Quality services
3. Dedicated project managers for each unique project
4. Quality control and assurance
5. Confidentiality

Longhorn Products

Class 7-8 Revision

The revision books are developed to prepare the learners for their final exams in specific subjects. They come with questions and answers that cover the subject areas for the specific class.

CBC Readers

The CBC readers are creative works that have been developed in line with the Competency Based Curriculum.

CBC Course Books

The CBC activity books are new course books that have been developed in line with the Competency Based Curriculum.

Class 7-8 Course Books

The books have been developed to assist both learners and teachers cover the specific subject syllabus. The books are designed to provide concept definition, practical application and testing of the student's comprehension.

ECDE Smart Starters Workbooks

The activity workbooks have been developed to aid early learners to grasp basic life skills through use of fun-filled activities.

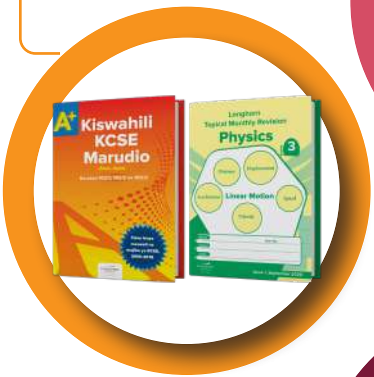
CBC Revision

The revision books are developed to provide learners with extra activities to tackle beyond the classroom and have assessment tasks for continuous evaluation.

Longhorn Products

Secondary Revision

Subject teachers and examiners who are experts in their subject areas have authored books that are part of the secondary revision series. The books comprehensively cover Secondary syllabus and are an indispensable supplement to any textbook.



Secondary Course Books

Secondary course books come in comprehensive series for all secondary school subjects and they are written in line with the Secondary syllabus. The books contain easy to understand concept definitions that allow the student better comprehension of the subject matter.

Creative Works

Creative works include novels, novellas and storybooks that are meant to inform and entertain the reader. The stories are written by recognised and award-winning authors who are able to weave entertaining and interesting stories that leave the reader asking for more.

Set Books

The set books are recommended for use in teaching literature and fasihi in Secondary schools. The stories are well written to aid the students' comprehension of the written word in both Kiswahili and English.

Reference Books

Reference books are developed to help both learners and teachers by providing additional reference to aid in the teaching of subjects such as English, Kiswahili, Geography, History and Government.

Tertiary Books

The TVET books are written for Technical and Vocational Education and Training Institutions to equip students with all skills, knowledge and aptitudes required. The books try to use local examples and case studies in order to help students relate learning with their everyday life.

Regional Books

Longhorn Publishers PLC is committed to providing learning solutions across the region by developing quality approved titles that aid the teacher and the learner in covering the syllabus.

Longhorn Digital

Digital Strategy

Covid-19 shocked the education systems with millions of learners at home due to the closure of educational institutions. Covid-19 spurred digital transformation across the education sector, the result is an accelerated digital solution offering by Longhorn Publishers PLC.

e-learning

An application offering fun, gamified content using machine learning and AI for learners aged 3-18

01

SOMO Pro

An upskilling platform for corporations to digitally transform their workforce to enhance their customer and employee journeys

02

SOMO- Grow

A platform for youth aged 18-24 years that provides learners with critical 21st century skills, and connects them to opportunities to use those skills.

03

Content-As-A-Service

Longhorn Publishers PLC is committed to partnering with all institutions seeking content to provide their learners with the right materials to impact their operations

04

Longhorn Publishers PLC's forward-thinking approach to digital transformation began in 2016 when we pioneered our digital solution; we began performing an extensive needs analysis which provided feedback from key stakeholders namely students and teachers. This process resulted in a product roadmap which created the framework for our eLearning platform –a mobile and web-based app offering curriculum aligned content that helps students to strengthen their understanding of content learnt at school.

eLearning – Curriculum aligned

Covid assisted digital transformation pivoted Longhorn's product development to mitigate the challenges learners and teachers were facing, Longhorn provided its eLearning application to learners for free in a partnership with a telco (Safaricom) to reach over 200,000 subscribers.

Longhorn is focused on revamping its eLearning solution and creating a mobile and web-based application that uses the latest technologies –machine learning and AI to create a personalised learning path for students aged 4-18. Our assessment application will provide the students and teachers with a comprehensive report outlining the areas students are competent and the areas students have not fully understood the concepts. Longhorn's algorithms will give every student content in a different format depending on how they learn best.

Longhorn is committed to ensuring each student comprehends all curriculum aligned content and will excel in their final assessments. Longhorn is constantly examining the structural impediments to traditional learning, recognizing that our students are accustomed to highly engaging content and are very tech savvy, Longhorn is staying committed to creating a fun, solution for our students.

Longhorn Digital

SOMO – Upskilling Platform

Covid-19 impacted students in higher education and the job market significantly. Longhorn immediately sought to upskill learners aged 18-24 and support organisations to train employees remotely through our Somo Grow and Somo Pro platforms. Somo is an upskilling platform that provides learners with critical 21st century skills, and connects them to opportunities to use those skills.

Somo uses modern pedagogical principles to design learning experiences that create demonstratable outcomes. Somo partners with organizations to increase engagement and revenue across their business by transforming parts of their customer and employee journeys with learning experiences.

Content is provided in a variety of formats audio, video, note, and assessment that are combined to form a learning playlist. These playlists are aligned to ensure each learner fully comprehends and can apply knowledge. Corporations looking to transform and upskill their workforce should partner with SOMO and our vast network of experts and deep understanding of pedagogies to create content specifically aligned to the needs of their organisation.

Content-As-A-Service

Longhorn has built a significant expertise in content development with over 50 years creating curriculum aligned content, creative works (novels), and is now using modern pedagogies to offer training and upskilling to corporations and individuals alike.

Content consumption patterns have changed with individuals and learners looking for more engaging, content in a variety of formats. Longhorn is constantly developing new material using digital tools and is investing in animations and gamified content.

Longhorn is committed to providing learning solutions and welcomes all Governments, NGOs, Schools, Organisations who are seeking content partners to reach out, let's work together to educate.

The future

Longhorn Publishers PLC is the leading provider for digital learning solutions in Africa, leaning on Longhorn Publishers PLCs existing strong network of partners, education institutions, teacher network and government relations in nine countries, the digital expansion will be aggressive ensuring learners across the continent are able to access digital learning solutions.

Longhorn Publishers PLC will continue to create market specific content and will provide this content-as-a-service to all organisations who require our content creation expertise or are in need of any content from our extensive content bank.

LawAfrica

LawAfrica is a Longhorn Publishers Plc subsidiary which is a regional giant in legal and paralegal publishing.

Our clients include professionals, governments, parastatals, leading financial institutions, non-governmental organizations, colleges, universities, law firms, top legal researchers and students around the world.

Through our formidable relations with leading suppliers of law materials (both print and electronic publishing), we are the go-to brand when it comes to local and international legal content. LawAfrica also handles the consolidation, updating, indexing and publication of law reports, commentaries and journals in both print and electronic formats for a base of over 10,000 subscribers from all over the world.

Future outlook

Having cemented our position in the legal publication within the country, our immediate and mid-term priority is to scale our presence in the region. The East & Central Africa regions present immediate opportunities, and we aim to leverage the Longhorn presence to expand the LawAfrica brand.

We are also focused on the digital transformation as we respond to customer preferences and the paradigm shift brought about by the Covid-19 pandemic. As an innovative publisher, we aim to ensure a steady production and enhanced uptake of digital solutions by our customers.

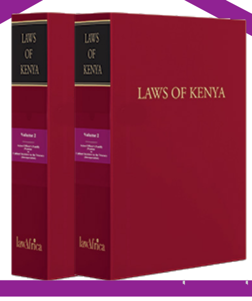
Our mission is to uplift the standards of legal research by providing up-to-date and relevant decision support information.

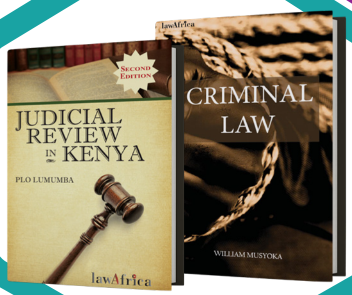
Law Reports

These are records of a judicial decision on a point of law which sets a precedent. Not all decisions taken in a court of law set a precedent, however interesting they may be in terms of the facts of the case or its consequences. A decision is only reportable if it lays down a new principle of law, or changes or clarifies the existing law and commentaries.

Statute

This is a formal written enactment of a legislative authority that governs the legal entities of a city, state, or country by way of consent. Typically, statutes command or prohibit something, or declare policy.





Commentaries

They focus on one particular subject area of lawed search functionality and and usually provide a summary of the law, background and analysis of legal topics, citations to important laws, regulations and court cases on a particular topic.

- Commentaries provide comprehensive coverage of administrative law, arbitration law, banking and finance law, civil law and procedure, commercial law, company law, constitutional law, contract law, criminal law, customary law, employment law, environmental law, family law and succession, law on ethics, evidence, equity and trusts, etc.
- The company's commentaries are written by legal professionals and academics in the subject area, and are updated on a regular basis, making them a reliable source of up-to-date, expert information.

LLR (Online Law Reports) and Ebooks

Get direct access to our content on a convenient online platform, with enhanced functionality and a mobi-site for easy access.

Sustainable Development Goals (SDGs)

Longhorn recognises that long-term business success hinges on the Group's ability to integrate its business operations with the SDGs, thus differentiating itself from competitors and building trust among governments, shareholders, customers and other stakeholders.

SDG 4 – Quality Education

With quality education as the core mandate of Longhorn Publishers, the Group was able to realise SDG 4 on quality education in the following ways:

Webinars

During the year, the Group hosted various webinars for teachers and legal practitioners led by experts in the education, the legal fraternity and financial management.

Release of new and improved products

The Group was able to launch new curriculum titles and non-academic titles for the regions with up-to-date and relevant information.

One book policy

Longhorn has been able to work with the governments through the Ministry of Education to distribute books to schools in support of the One Book Policy, an initiative meant to eradicate inequality through the provision of approved quality school-based learning materials.

SDG 9 – Industry, Innovation and Infrastructure

Longhorn recognises that the future of publishing lies in the provision of digital content using innovative user-friendly channels.

Dedicated USSD Code *864#

Focusing on access and user friendly channels, Longhorn has dedicated USSD code *864#, to provide easy access to content on-the-go. This has been made widely available to both smart and feature phones.

Digital Platforms

Since launching, the digital publishing team has been working tirelessly to improve the accessibility and functionality of the e- learning and e-books platforms.

Currently the e-Learning platform has content for the Competency Based Curriculum for Grade 1 to Grade 4, Class 6 to Class 8 and Form 1 to Form 4.

SDG 17 – Partnerships for the goals

Longhorn Publishers is among the forerunners in the publishing industry in the region that are focused on leveraging technology to enhance learning at every level through our books and digital learning platforms.

Distribution Channels

The Group has been continuously improving its distribution model to facilitate timely delivery of products as well as get information on demand, price & nature of competition in the market from its different intermediaries involved in its distribution channel.

Regional Expansion

The Group continues to take advantage of opportunities in the African market in its quest to become the number one provider of innovative learning solutions in Africa. Revenue is expected to grow in the African markets including in the DRC and Cameroon, countries we entered last year. Further, plans to enter the Ghana market are at advanced stages.

Industry partners

Longhorn has partnered with global NGOs such as Child Fund, UNICEF, Path and Plan International to provide learning materials to children in marginalized communities. The Group continues to collaborate with the industry partners to provide quality products for our customers.

4 QUALITY EDUCATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

Risk Management

Introduction

Risk management practice is integrated in all business activities from strategy setting to operational activities. At strategy level, risk management is central to intelligent and informed decision analysis in the pursuit of business opportunities. At operational level, risk management directs the efficient design and Implementation of the system of Internal control to avoid or mitigate adverse outcomes relating to process failure. We view risk as the effect of uncertainty on objectives and maintain an agile, collaborative approach in keeping ahead of the evolution of risks to optimize business performance.

Risk management methodology

Our risk management methodology is grounded on the principles and components of COSO Enterprise Risk Management Framework (ERM) as depicted below.

The COSO ERM framework promotes a top down approach in the management of risks by aligning strategic objectives with operational plans and activities and thereby sustaining a focus on the business risks that matter the most. This ensures that the allocation of limited resources is consistently optimized for the achievement of business objectives.

Corporate Strategic Plan

The Board of Directors is ultimately responsible for setting up and monitoring the organization's risk management framework that includes the risk appetite. The risk appetite takes into account both quantitatively and qualitatively, the nature and extent of the risks that the organization is willing to take to achieve its strategic objectives, and seeks to strike a balance between business development and growth, and potentially adverse risk. The Board also considers the risk appetite in its evaluation of the sufficiency and effectiveness of actions planned or taken to address the current and emerging principal risks that may impact the achievement of strategic objectives. To support this evaluation, senior management assesses the risk appetite for each of the principal risks. The assessed risk appetite Is used to define the risk tolerance levels at tactical and operational levels of the business, and along with the core values and code of conduct, provide clarity on the organizational risk culture.

Risk management structure

Tool and methodologies, Standards, policy and Procedures

The business has a risk management policy and framework approved by the Board of Directors. The policy and framework affirms the risk management objectives and principles, assigns roles and responsibilities for the management of risks and describes the risk management methodology. Scenario analysis is widely adopted in decision making. A corporate risk register is maintained, regularly updated and reviewed for the effectiveness of actions planned and taken to address the risks.

Board

As part of its oversight responsibility, the Board of Directors approves changes to the risk management policy and framework and reviews its implementation effectiveness as well as the effectiveness of the overall system of Internal control. The Board of Directors accomplishes this by:

Risk Management

- Engaging with stakeholders to monitor their interests and communicate transparently on the achievement of objectives.
- Nurturing a culture promoting ethical behaviour and accountability.
- Establishing structures and processes for governance, including auxiliary committees as required.
- Delegating responsibility and providing resources to senior management for achieving the objectives of the organization.
- Determining organizational appetite for risk and exercises oversight of risk management (including internal control).
- Maintaining oversight of compliance with legal, regulatory, and ethical expectations.
- Establishing and overseeing an independent, objective, and competent internal audit function.

Senior management

The senior management team is primarily responsible for managing business risks and designing and implementing an effective system of internal control which includes but is not limited to appropriate organization structures, effective policies, processes and procedures, adequate information flows, ideal culture, ethics and behaviour, suitable people, skills and competencies and a reliable information technology infrastructure.

Risk management

The risk management function provides complementary expertise, support, monitoring, and challenge related to the management of risk, including:

- the development, implementation, and continuous improvement of risk management practices (including internal control) at a process, systems, and entity level.
- the achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal control; information and technology security; sustainability; and quality assurance.

Additionally, the risk management function provides analysis and reports on the adequacy and effectiveness of risk management (including internal control).

Internal audit

The Internal audit function communicates independent and objective assurance, advice and insights to senior management and the Board of Directors on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organizational objectives and to promote and facilitate continuous improvement.

Covid-19 update

COVID-19 recovery continues to present a variety of challenges and risks from economic uncertainty to changes in consumer demand, disrupted supply chains and staff shortages. The uncertainty relating to the emergence of new, more severe coronavirus variants and related waves, reports of vaccine efficacy waning over time, increased infection and positivity rates, vaccine apathy, unavailability of sufficient vaccine doses due to supply chain and logistics challenges, have cumulatively undermined efforts to eradicate the virus. Consequently, the closure of schools through government directive may still be a possible event that we continue to monitor. We however acknowledge the governments' commitment to keep schools in operation while observing the safety protocols. Financial forecasts and scenarios continue to be updated as part of our business continuity strategy. The Group continues with its commitment and investment in maintaining organization health measures to combat the spread of the virus.

Risk Management

Types of Risk	Mitigation
Business Risk The rapidly changing landscape of the publishing industry exposes the Group to factors that would lower its profits, threaten the Group's ability to meet its target and achieve its financial goals. Uncertainties attributed to the changing landscape include shift towards digital publishing, change in curriculum, growing competition in Kenya and the knock-on effects of the Corona Virus pandemic.	**Digital Publishing** – The Group has invested in a well-trained, highly knowledgeable and dedicated team of digital publishers, content providers and digital sales and marketing team that work on the development and provision of digital content. **Curriculum Change** – The Group has invested significantly in skill development and training of staff to ensure our publishing team is conversant with the demands of the new curriculum. **Competition** – The Group has expanded its operations outside Kenya and is currently operating in over 9 countries in Africa. This helps to reduce the contribution of individual countries and spur growth.
Information Risk The confidentiality, integrity and continued availability of the Group's intellectual property is the source of its competitive advantage. As a consequence, events that may potentially compromise these attributes of our intellectual property, including but not limited, to piracy and sabotage, are continuously monitored and protected against to safeguard the Group's competitive advantage.	**Piracy** – The Group has added anti-piracy features on its books in order to reduce piracy of Longhorn Publishers PLC products. Additionally, there continues to be active participation in anti-piracy activities that discourage piracy. **Information security** –Through the stringent ICT policy, the Group ensures data and information movement is centralized and monitored to ensure that proprietary information is not inadvertently shared. Additional measures have already been taken to boost the Group's cyber security posture.
Operational Risk The reliability and effectiveness of the Group's people, processes and information systems determines the consistency and predictability with which the strategy is executed.	**Processes and Systems** – The Group is ISO 9001:2015 Quality Management Systems certified. This means that it has documented its processes and systems to enforce consistency in all our operations.
Reputational Risk This is the potential that negative public perception with regard to the Group's generated content on either the print or digital products will cause a decline in the customer and investor confidence, costly litigation or revenue reduction.	**Content Editing** – The Group continues to Invest in a dedicated team of content editors who work to ensure that all content released from the Group meets the Group's quality assurance standards.
Financial Risk The Group's activities expose it to a variety of financial risks key among which are Credit Risk and Liquidity Risk. Credit Risk arises out of the sale of products on credit terms. As a result, the credit customer may fail to pay a credit invoice when it falls due. Liquidity Risk arises when the business cannot meet its short term debt obligations from a failure to convert assets into cash.	**Credit Risk** – The Group undertakes a rigorous distributor on-boarding process to ensure that the right kind of distributors are included. The distributors' creditworthiness is continuously monitored and appropriate adjustments made. **Liquidity Risk** – The Group maintains adequate cash balances in the bank by continuously monitoring, forecasting actual cash flows and matching the maturity profiles. The Group also maintains cordial relationships with its trade partners to amicably resolve delays whenever they arise.

Financial Highlights

16%

Revenue Growth

83%

Uganda
revenue growth

18%

Kenya
revenue growth

8%

Tanzania
revenue growth

17.8M

Profit before tax

After prior year loss before tax of Kshs 295M

Note - These numbers exclude the impact of other income

Group Chairman's Statement

The years 2020 and 2021 will be remembered as one of the most challenging and unprecedented years in history. In March 2020, the Kenyan and Ugandan government abruptly closed all schools in response to the outbreak of the COVID-19 pandemic, disrupting millions of learners in both countries. Despite the challenges, our Company managed to achieve break-even in its performance in the year under review.

The Board conducted a proper review and assessment of the business to understand the risk and potential impact of COVID-19 on our operations and financial position, and took appropriate mitigating measures. The sound decisions made by the Board and the management in allocation of resources, focus on the well-being of our staff and maintenance of meaningful business partnerships ensured that the business model remained resilient and the Group is on course to meet its long-term objective of growing shareholder value.

In line with our vision to be the number one provider of innovative learning solutions in Africa, the Group continues to scout for opportunities to develop print and digital learning materials in other Anglophone and Francophone countries. We also continue to cement our presence and build the Longhorn Publishers PLC brand in Cameroon and DRC, our newest countries. Plans to enter the Ghana market are at the advanced stages. We are passionate about new frontiers as we strive to be the Pan African leader in the provision of innovative learning solutions.

Finally, the Board appreciates the staff and management of Longhorn Publishers PLC for their outstanding effort, sacrifice and commitment that enabled the business to survive this challenging period. We would also like to thank our customers and business partners for their steadfast support.

Hon. F.T Nyammo, OGW, MBS
Group Chairman

Kauli ya Mwenyekiti

Miaka ya 2020 na 2021 itakumbukwa kama mojawapo ya miaka yenye changamoto nyingi na isiyo na kifani katika historia. Mnamo Machi 2020, serikali ya Kenya na Uganda ilizifunga shule zote kwa ghafla ili kukabiliana na mlipuko wa janga la COVID-19, na kutatiza mamilioni ya wanafunzi katika nchi zote mbili. Licha ya changamoto hizo, Kampuni yetu iliweza kufanikiwa katika utendakazi wake katika mwaka unaoangaziwa.

Bodi ilifanya ukaguzi na tathmini ifaayo ya biashara ili kuelewa hatari na athari zinazoweza kutokea za COVID-19 kwenye utendakazi na hali yetu ya kifedha, na kuchukua hatua zinazofaa za kupunguza athari hizo. Maamuzi madhubuti yaliyofanywa na Bodi na wasimamizi katika ugawaji wa rasilimali, yanalenga ustawi wa wafanyakazi wetu na udumishaji wa ushirikiano wa kibiashara wenye maana ulihakikisha kwamba mtindo wa biashara unaendelea kuwa thabiti na Kikundi kiko mbioni kutimiza lengo lake la muda mrefu la kuongezeka kwa thamani ya wanahisa.

Sambamba na maono yetu ya kuwa mtoaji nambari moja wa suluhu bunifu za kujifunza barani Afrika, Kikundi kinaendelea kutafuta fursa za kutengeneza nyenzo chapa na za kidijitali za kujifunzia katika nchi za Anglofoni na Frankofoni. Pia, tunaendelea kuimarisha uwepo wetu na kujenga chapa ya Longhorn nchini Kameruni na Jamhuri ya Kidemokrasia ya Kongo, nchi zetu za hivi karibuni zaidi. Mipango ya kuingia katika soko la Ghana iko katika hatua za mbele. Tuna shauku kuhusu mipaka mipya tunapojitahidi kuwa kiongozi wa Pan African katika utoaji wa suluhisho bunifu za kujifunza.

Hatimaye, Bodi inawashukuru wafanyakazi na wasimamizi wa Longhorn kwa juhudi zao bora, kujitolea na kuwajibika ambako kuliwezesha biashara kustahimili kipindi hiki kigumu. Pia, tungependa kuwashukuru wateja wetu pamoja na washirika wa biashara kwa usaidizi wao thabiti.

Mhe. F.T Nyammo, OGW, MBS
Mwenyekiti wa Kundi

Group Managing Director's Statement

> *The most successful people see adversity not as a stumbling block, but as a stepping stone to greatness.*
>
> ***Shawn Anchor***

It is an honour to present to you the integrated annual report for our financial year ended 30 June 2021.

Achieving growth and performance during this period was no mean feat and the Board and Management worked together to adapt the strategy to deliver better, lasting results for our stakeholders. We were facing the risk of extinction if we did not evolve as a business therefore we launched our 3-year Strategy (2021-2024).

The most successful people see adversity not as a stumbling block, but as a stepping stone to greatness. In the face of the COVID-19 adversity, the resilience and innovation by our team played a key role in the impressive performance turnaround from the previous financial year.

The Group returned a profit before tax of Shs 17.8 million compared to the prior year loss before tax of Shs 295 million. This marked a significant turnaround in the business, confirming the resilience of Longhorn Publishers PLC's business model, strong brand, agile employees and ability to adapt to a changing operating environment.

In the year under review, we continued to invest in our products, both digital and print. Further, our collaboration with governments became stronger and we obtained a number of approvals for titles in Kenya, Uganda, Tanzania and Cameroon, which has expanded our future revenue base under the new curriculums in the respective countries.

Looking ahead, we recently launched our 3-year Strategy (2022-2024) which will see the Group go into the next phase of our digital transformation journey and also focus on product and regional diversification and the people and culture agenda. We expect the new strategy will propel our business to new heights.

We acknowledge that a strategy is only as good as the people executing it. For this reason, Longhorn Publishers PLC plans to invest in the best talent through training and smart recruitment. This will ensure that the key strategic pillars are executed by a team that embraces collaboration, innovation and a "customer-first" culture. This transformative strategy will ensure we deliver better and consistent returns for our shareholders and stakeholders.

I would like to appreciate all our internal and external customers and business partners, for their unwavering support. I am grateful to the Board, management and staff of the Longhorn Publishers PLC Group for their continued support, hard work, dedication and commitment to the business.

Thank you.

Maxwell Wahome
Group Managing Director

Kauli ya Mkurugenzi Mtendaji

"Watu waliofanikiwa zaidi huona shida kuwa si kikwazo, lakini kama hatua ya ukuu."

Shawn Anchor

Ni heshima kuu kuwasilisha kwenu ripoti jumuishi ya mwaka ya mwaka wetu wa kifedha uliokamilika tarehe 30 Juni 2021.

Kufikia ukuaji na utendakazi katika kipindi hiki ni ufanisi mkuu na Bodi pamoja na Menejimenti zilifanya kazi pamoja kurekebisha mkakati ili kutoa matokeo bora na ya kudumu kwa wadau wetu. Tulikuwa tukikabiliwa na hatari ya kutoweka ikiwa hatukubadilika kibiashara kwa hivyo tulizindua Mkakati wetu wa miaka 3 (2021-2024).

Watu waliofanikiwa zaidi huona shida kuwa si kikwazo, lakini kama hatua ya ukuu. Katika kukabiliana na janga la COVID-19, uthabiti na uvumbuzi wa timu yetu ulichangia pakubwa katika mabadiliko ya kuvutia ya utendakazi kutoka kwa mwaka wa kifedha uliopita.

Kundi lilirejesha faida kabla ya ushuru ya Sh 17.8 milioni ikilinganishwa na hasara ya mwaka uliopita kabla ya ushuru ya Sh 295 milioni. Hii iliashiria mabadiliko makubwa katika biashara, ikithibitisha uthabiti wa mtindo wa biashara wa Longhorn, chapa yenye nguvu, wafanyakazi wepesi na uwezo wa kukabiliana na mabadiliko ya mazingira ya utendaji.

Katika mwaka unaoangaziwa, tuliendelea kuwekeza katika bidhaa zetu, za kidijitali na chapa. Zaidi ya hayo, ushirikiano wetu na serikali uliimarika zaidi na tulipata uidhinisho kadhaa wa vitabu nchini Kenya, Uganda, Tanzania na Kameruni, ambayo imeongeza kiwango cha mapato ya baadaye chini ya mitaala mipya katika nchi husika.

Tukiangalia mbele, hivi majuzi tulizindua Mkakati wetu wa miaka 3 (2022-2024) ambao utawezesha Kundi kuingia katika awamu inayofuata ya safari yetu ya mabadiliko ya kidijitali na pia kuzingatia bidhaaa na mseto wa kikanda pamoja na ajenda ya watu na utamaduni. Tunatarajia kuwa mkakati mpya utainua biashara yetu kwa kiwango cha juu.

Tunakubali kwamba mkakati ni mzuri tu kama watu wanaoutekeleza. Kwa sababu hii, Longhorn inapanga kuwekeza katika talanta bora kupitia kwa mafunzo na uajiri mzuri. Hii itahakikisha kwamba nguzo muhimu za kimkakati zinatekelezwa na timu inayokumbatia ushirikiano, uvumbuzi na utamaduni wa "mteja-kwanza". Mkakati huu wa kuleta mabadiliko utahakikisha tunaleta faida bora na thabiti kwa wanahisa na washikadau wetu.

Ningependa kuwashukuru wateja wetu wote wa ndani na wa nje pamoja na washirika wa kibiashara, kwa usaidizi wao thabiti. Ninaishukuru Bodi, menejimenti na wafanyakazi wa Kundi la Longhorn kwa kuendelea kuniunga mkono, kufanya kazi kwa bidii, kujitolea na kuwajibika kwa biashara.

Asanteni.

Maxwell Wahome
Mkurugenzi Mtendaji wa Kundi

Board of Directors

Hon. F.t Nyammo, Ogw, Mbs
Group Chairman

Board of Directors


Maxwell Wahome
Group Managing Director


Truphosa Kwaka-Sumba
Director (Non-Executive, Independent)


Samuel Kariuki
Director (Non-Executive)


Fredrick Murimi
Director (Non-Executive)


Emma Miloyo
Director (Non-Executive, Independent)


Raymond Nyamweya
Director (Non-Executive)


Muigai Githu
Director (Non-Executive)


Ali Hussein Kassim
Director (Non-Executive, Independent)

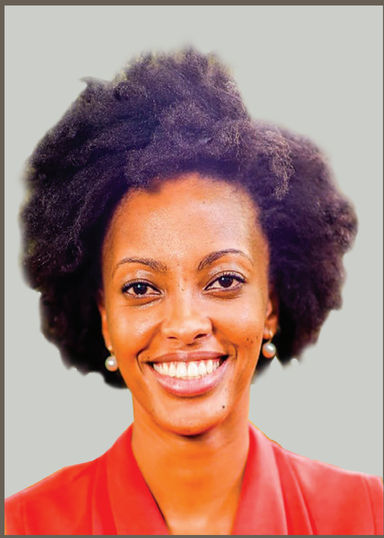

Enid Muriuki
Company Secretary

Management Team

Maxwell Wahome
Group Managing Director

Management Team

Michael Mwaura
Chief Finance & Operations Officer



Penina Kimani
Chief Digital Officer

Maurice Kahara
Chief Commercial Officer

Hellen Akumu
Head of HR and Admin

James Mwilaria
Ag. Head of Publishing

David Gitare
Chief Internal Auditor

Charles Sseruwu
Country Manager Uganda

Vivian Temi
Country Manager Tanzania

Martin Wafula
MD LawAfrica Publishing Ltd

Corporate Governance Statement

1. Introduction

Longhorn Publishers PLC's corporate governance framework is guided by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. At Longhorn Publishers PLC, we believe that Corporate Governance is a reflection of our value system, encompassing our culture, policies and the relationship with our stakeholders including the shareholders, regulators, employees, customers, suppliers, distributors, government and the community at large. It essentially involves balancing the interests of the organization with those of our stakeholders. We further believe that Corporate Governance is more than just adherence to the regulatory and statutory requirements.

The Board of Directors is committed to the highest standards of corporate governance and business ethics as set out in the Code of Corporate Governance practices for Issuers of Securities to the Public 2015, and recognizes that good corporate governance is key to the enhancement of our business performance.

The Board of Longhorn Publishers PLC is at the heart of Longhorn Publishers PLC's system of corporate governance and is ultimately accountable and responsible for the performance and affairs of the Company. The Board has also ensured implementation of internal control systems that support good governance, as well as systems to ensure business partners are also complying with the highest standards of integrity and business ethics.

Longhorn Publishers PLC seeks to continue to apply the following key principles of good corporate governance which have in return supported its growth as a one of the market leaders in the publishing industry:-

(i) **Fairness:** We aim to ensure equal treatment and fairness in dealing with all our stakeholders including employees, shareholders, customers, suppliers and other third parties.

(ii) **Accountability**: We take seriously the obligation and responsibility to give an explanation for the Longhorn Publishers PLC's actions and conduct in a balanced and understandable manner as we execute our business purpose. We have taken the responsibility for determining the nature and extent of the significant risks the Board is willing to take with sound risk management and internal control systems. The Board has also established formal and transparent arrangements for corporate reporting and communication with stakeholders at regular intervals.

(iii) **Responsibility:** The Board of Directors having been given authority to act on behalf of the Company has accepted full responsibility for the powers that it is given and the authority that it exercises. The Longhorn Publishers PLC Board of Directors are responsible for overseeing the management of the business, affairs of the company, appointing the chief executive and monitoring the performance of the company. In doing so, it aims to act in the best interests of the company.

(iv) **Transparency:** At Longhorn Publishers PLC, we endeavor to ensure that stakeholders are informed about the Company's activities in terms of what it plans to do in the future and any risks involved in its business strategies. The Board is always open and willing to provide clear information to shareholders and other stakeholders. This includes disclosure of material matters concerning the Company's performance and activities in a timely and accurate manner.

(v) **Sustainability:** The Board ensures that Longhorn Publishers PLC conducts its business with meaningful regard for environmental, health, safety, and other sustainability issues relevant to its operations. This also includes monitoring the trends relating to economic, social, and environmental sustainability issues and mapping out the issues that are most important to the company's business.

Corporate Governance Statement

2. Board and Committees' Charters

The Board Charter defines the governance parameters within which the Board operates, sets out specific responsibilities to be discharged by the directors collectively, as well as certain roles and responsibilities of directors as individuals. Some of the salient aspects outlined in the Board Charter are but not limited to the following:-

- Board Structure and Composition
- Board Roles and Responsibilities
- Board Operations
- Transparency and Disclosure

In addition, each of the Board Committees has a Charter which stipulates its mandate in carrying out the delegated roles by the Board.

3. Board Roles and Responsibilities

In performing it roles and duties, the Longhorn Publishers PLC's Board continually endeavors to:-

- ❖ define and chart out the Company's vision, mission and values taking cognizance that the Board has ultimate responsibility for the attainment of the Company's objectives;
- ❖ determine the business strategies and plans that underpin the corporate strategy;
- ❖ discuss and approve strategic plans and annual budgets;
- ❖ monitor management's implementation of the strategic plans and financial objectives as defined by the Board;
- ❖ define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;
- ❖ continually monitor the exercise of delegated power by management;
- ❖ ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Company;
- ❖ ensure that the business of the Company is managed with a view to ensuring that the Company is ethical in all its dealings and exercises corporate social responsibility;
- ❖ ensure compliance by the Company with all relevant laws and regulations, audit and accounting principles, and such other principles as may be established by the Board from time to time;
- ❖ identify key risks, opportunities and strengths relating to the Company;
- ❖ ensure that the Company's organizational structure and capability are appropriate for implementing the chosen strategies;
- ❖ set policies on internal control and obtain regular assurance that the internal control system is functioning effectively and is effective in managing risks;
- ❖ appoint Board members who will add value to the Company;
- ❖ appoint the Managing Director, Heads of Departments, External Auditors, Company Secretary and other key consultants;
- ❖ review and approve annual audited accounts and related reports;
- ❖ communicate key policies and strategy issues to senior management;
- ❖ identify all stakeholders and ensure effective management of engagements with the stakeholders.

4. Board Composition

The Board is composed of nine directors who include one Executive Director and eight Non-Executive Directors. Three of the Non-executive Directors are Independent Directors. The Chairman of the Board of Directors is a Non-Executive Director.

The Board appreciates the importance of diversity in its composition and recognizes the role of diversity in bringing different perspectives to the Board's deliberations. The Board is appropriately diversified in terms of its mix of skills, knowledge, expertise, gender and age, which supports the effective performance of its role. The Board members possess a variety of skills and expertise including in business management, information technology, marketing and public relations, governance and leadership, legal, banking and finance, accounting, strategy and human resources.

Corporate Governance Statement

The current structure of the Board of Directors is as below:-

Director	Nationality	Description	Date of appointment
Hon Francis T Nyammo	Kenyan	Non-Executive	01/07/1977
Centum Investment Company PLC*	Body Corporate	-	22/02/2008
Mr Raymond Nyamweya	Kenyan	Non-Executive	01/04/2004
Mr Ali Hussein Kassim	Kenyan	Independent Non-executive	01/03/2014
Mrs Truphosa Kwaka-Sumba	Kenyan	Independent Non-executive	01/12/2014
Mr Muigai Githu	Kenyan	Non-Executive	20/08/2015
Mr Fredrick Murimi	Kenyan	Non-Executive	21/04/2017
Mr Maxwell Wahome	Kenyan	Executive – Group Managing Director	04/09/2018
Ms Emma Miloyo	Kenyan	Independent Non-executive	01/04/2020

* Represented by Mr Samuel Kariuki

5. Board Operations

The role of the Board is to exercise leadership, enterprise, integrity and judgment in directing the affairs of the Company so as to achieve continuing prosperity for the Company and its shareholders. The Board endeavors to, at all times, act in the best interests of the Company.

The Board meets at least once every quarter but meets more regularly as circumstances warrant. The Chairman, working closely with the Company Secretary, and in consultations with the Group Managing Director, comes up with an Annual Board Work Plan for the Board and the agenda for Board meetings.

A summary of attendance at Board meetings held in the course of the year is shown below:-

Director	27 August 2020	19 November 2020	18 February 2021	3 June 2021
F T Nyammo	√	√	√	√
M Wahome	√	√	√	√
T Kwaka-Sumba	√	√	√	√
Centum Investment Company PLC*	√	√	√	√
R Nyamweya	√	√	√	√
A K Hussein	√	√	√	√
M Githu	√	√	√	√
F Murimi	√	√	√	√
E Miloyo	√	√	-	√

*Centum Investment Company PLC represented by Samuel Kariuki

The Group Managing Director ensures that non-executive directors receive reports and information on a quarterly basis, or on a more regular basis if warranted, which enables them to scrutinize the Company's operations and performance. Directors may also suggest items for discussion at meetings as well as request for additional information or a briefing on any topic prior to meetings.

Corporate Governance Statement

The Board of Directors is committed to continually improving its effectiveness and has in place a programme for continuous Board development. New Directors are also appropriately inducted regarding the Company's business and the operating environment, their roles and responsibilities to various stakeholders, including their statutory obligations. Directors can also take independent professional advice when deemed necessary.

The Board is also keen to assess its performance and in line with the provisions of the Code for Corporate Governance for Issuers of Securities to the Public, 2015. The Board, with the assistance of the Company Secretary, conducted an evaluation of the performance of the Board and its subsidiaries during the year ended 30 June 2021. Actions to implement the improvement recommendations are ongoing.

6. Committees of the Board

The Board has approved and delegated certain authorities to its Board Committees. The Committees have specific mandates that are documented in the respective Terms of Reference as well as in the Board Charter to ensure accountability. The minutes of Board Committee meetings are tabled at subsequent Board meetings and Committee decisions and recommendations ratified or approved by the Board as may be applicable.

The Board has established three standing committees as follows:-

6.1 Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the ensuring adequate systems and control processes, and the preparations of accurate financial statements in compliance with all applicable legal requirements and accounting standards. The Board's Audit & Risk Committee also regularly reviews the effectiveness of the controls. Specifically, the Committee has oversight over the following areas:-

- Financial reporting and disclosure matter which includes review of periodic accounts before their publishing as well as considering the internal and external audit findings in order to identify any material weaknesses in financial and accounting control systems.
- Risk Management and Internal Controls which includes review of the Company's risk management processes and assessing the adequacy of the overall control environment, as well as monitoring compliance with relevant legislation.
- Oversight over External Audit/Auditors activities including the independence, objectivity and effectiveness of the External Auditor.
- Oversight over Internal Audit activities including, review of the Internal Audit Charter, internal audit plans and reports, as well as the structuring and resourcing of the team.

The Audit & Risk Committee has five members, three of whom are independent non-executive directors.

A summary of attendance at the Audit & Risk Committee meetings held in the course of the year is shown below:-

Member	27 August 2020	3 November 2020	28 January 2021	22 April 2021	3 June 2021
A K Hussein (Chair)	√	√	√	√	√
T Kwaka-Sumba	√	√	√	√	√
R Nyamweya	√	√	√	-	√
F Murimi	√	-	√	√	√
E Miloyo	√	-	√	√	√

Corporate Governance Statement

6.2 Operations and Strategy Committee

The Operations and Strategy Committee is responsible for oversight over strategic and financial planning for the business including supporting the development of the plans and monitoring their implementation. The Committee also guides the development and implementation of corporate and social investment policies, and in assessing the Company's merger and acquisition opportunities.

- Strategic Planning: The Committee reviews, evaluates and, when appropriate, makes recommendations to the Board with respect to the Company's mission and core strategy, the Company's strategic plan objectives and the strategy development processes.
- Mergers and Acquisitions: The Committee reviews, evaluates and, when appropriate, make recommendations to the Board with respect to major acquisition and disposition opportunities.
- Financial Planning: The Committee reviews and when appropriate, make recommendations to the Board with respect to capital structure of the Company, financial plans, the dividend policy and other financing proposals.
- Investment Policy: The Committee reviews and makes recommendations on corporate investment policies.
- Corporate Investment: The Committee reviews, evaluates and provides advice to Management with respect to the Company's corporate social investment activities.

The Committee is comprised of five (5) members, all of whom are non-executive directors.

A summary of attendance at the Operations and Strategy Committee meetings held in the course of the year is shown below:-

Director	22 July 2020	28 October 2020	27 January 2021	20 April 2021
F Murimi (Chair)	√	√	√	√
S Kariuki*	√	√	√	√
R Nyamweya	√	√	√	√
A K Hussein	√	√	√	√
M Githu	√	√	√	√

*Representing Centum Investment Company PLC

6.3 Nominations, Governance and Human Resources Committee

The role of the Nominations, Governance and Human Resource Committee is to make recommendations regarding the composition, operations and performance of the Board as well as the Company's human resources. Specifically, the Committee is responsible for:-

- Assessing and recommending to the Board for its selection, suitable candidates to serve on the Board;
- Making recommendations as to the size, composition, structure, operations, performance and effectiveness of the Board;
- Recommending the level of remuneration of directors and any reviews to the Board of Directors;
- Leading the Board in the annual review of its performance as well as the performance of the Board Committees;
- Overseeing the performance and succession planning process for the Managing Director and the Senior Management team;
- Reviewing and monitoring the Company's Human Resources management strategy to determine whether the Human Resource plans and initiatives will enable the Company to achieve its strategic objectives;

Corporate Governance Statement

- Reviewing and when appropriate, recommending to the Board the Company's Human Resources policies as well as make recommendations to the Board regarding incentive-compensation plans;
- Developing and recommending to the Board a set of corporate governance principles, including independence standards; and
- Otherwise taking a leadership role in shaping the corporate governance of the Company.

The Nominations, Governance and Human Resource Committee has five members, three of whom are independent non-executive directors.

A summary of attendance at Nominations, Governance and Human Resources Committee meetings held in the course of the year is shown below:-

Member	23 July 2020	3 November 2020	28 January 2021	22 April 2021
T Kwaka-Sumba (Chair)	√	√	√	√
S Kariuki*	√	√	√	√
A K Hussein	√	√	-	√
M Githu	√	√	√	√
E Miloyo	√	-	√	√

*Representing Centum Investment Company PLC

7. Separation of oversight and managing roles

The Board of Directors of Longhorn Publishers PLC has ensured that there is a clear separation of duties between the Board of Directors and the Management, as well as between the Chairman and Group Managing Director. The role of Chairman and Group Managing Director are not executed by the same person.

8. Company Secretary

The Company Secretary guides the Board of Directors on matters of statutory and regulatory compliance, and good governance. The Secretary also provides guidance to the Directors as to how their responsibilities should be properly discharged in the best interests of the Company, facilitates the induction for new Directors and assists with Directors' professional development as required.

In consultation with the Chairman and the Group Managing Director, the Company Secretary ensures effective information flow within the Board and its Committees, between Senior Management and non-executive Directors. This includes distribution of Board papers and minutes and communication of resolutions from Board meetings.

The Secretary also guides the Company in taking the initiative to not only disclose corporate governance matters as required by law but also information that is of importance to shareholders and stakeholders in decision making.

The Secretary also ensures that formal records of Board discussions are maintained and follows up to ensure timely execution of agreed actions. The Company Secretary is a registered Practicing Member of the Institute of Certified Secretaries and an Accredited Governance Auditor by the Institute of Certified Secretaries.

9. Board Policies

In addition to the Board Charter, mentioned above, the Board has put in place a number of other policy and procedure documents to guide the Directors and Management on the implementation of their roles and responsibilities

Corporate Governance Statement

and the effective running of the Group's businesses. The Board policies and related governance documents are as summarized hereunder in line with the Board's desire to ensure adequate disclosures to stakeholders.

9.1 Conflict of Interest

The directors of the Company are under a fiduciary duty to act honestly and in the best interests of the Company. Directors should avoid putting themselves in positions where their self-interests conflict with their duty to act in the best interests of the Company.

It is the responsibility of every director to disclose to the Board any real or potential conflicts of interest which come to their attention, whether direct or indirect. The Board Charter provides ways of resolving conflict of interest situations including disclosure and refraining from voting or from discussions, exclusion from portions of board meetings where the matter is being discussed, or resignation in the case of a permanent conflict of interest.

The Board ensures that business transactions are conducted at arm's length.

9.2 Ethics and Code of Conduct

The Company has developed an Anti-Bribery and Corruption policy stipulating the ethical values, standards as well as specific guidelines that the Company adheres to in its interaction with its internal and external stakeholders.

The Board has ensured that proper mechanisms are in place to monitor and assess adherence to the prescribed Anti-Bribery and Corruption policy and ensures that all Directors and employees adhere to the prescribed Anti- Bribery and Corruption policy.

9.3 Whistle Blowing Policy

The Board has established whistle-blowing mechanisms to encourage stakeholders to bring out information helpful in enforcing good corporate governance practices and adherence to the Anti-Bribery and Corruption policy for the overall benefit of the Company.

9.4 Board Recruitment and Remuneration Policy

The Board has established policies to guide the recruitment and remuneration of the Board in line with the prevailing best practices.

9.5 Communication Policy

The Board has established a Communications Policy to guide the Company's internal and external corporate communication amongst the various stakeholders.

9.6 Stakeholders Engagement and Management Policy

The Board has established a Stakeholder's Engagement and Management Policy to encourage the identification and proactive engagement of all its key stakeholders.

9.7 Environmental Social and Governance Policy

During the year 2020, the Board established the Environmental Social and Governance Policy whose commitment is to build sustainable, equitable, healthy, and diverse communities through a combination of innovative learning solutions and exemplary environmental, social and governance (ESG) performance. This commitment now informs every aspect of the business, including how we design and commercialize new projects, implement ongoing projects, collaborate with stakeholders and report progress.

10. Communication with Shareholders

Longhorn Publishers PLC is committed to ensure that shareholders, investors, and the financial

Corporate Governance Statement

markets are provided with appropriate and timely information about its performance. This is achieved through the release of our half-year and annual results in the local press, distribution of annual reports and holding of investor and other briefings.

The Annual General Meeting provides a good opportunity for shareholder engagement and, in particular, for the Chairman and the Group Managing Director to inform shareholders of the Company's performance and the projected future for the Company, and respond to the shareholders' queries. The Company, through the office of the Company Secretary and the Chief Operations Officer, responds to any queries from the shareholders from time to time. The Company also communicates with its shareholders through its Share Registrar. Pertinent information on the Company's performance and other activities is posted on the Company's website.

11. Board Induction and Development

The Board ensures that new directors usually receive a comprehensive, formal and tailored induction programme to ensure familiarization with the Company's business and therefore be able to effectively contribute to the Board of Directors in the early days of their appointment.

All directors also receive continuing training to extend and refresh their knowledge and skills, which will add to their credibility and effectiveness in the discharge of their responsibilities. The Company provides the necessary resources for implementing these training programmes.

During the period under review, the Company did not progress formal Board development activities due to the impact of Covid-19 on the business and the cashflows. However, various Directors undertook several LinkedIn trainings on areas of interest which are expected to enhance their Board leadership and effectiveness.

12. Board Performance Evaluation

The Board members normally undertake an evaluation of their performance as a Board on an annual basis and a Board Evaluation Report is compiled with the resulting recommendations. The Board Evaluation Report is tabled at a Board meeting and areas of improvement are highlighted in an action plans and implementation tracked through the Board Committees. The last board evaluation was carried out during the period January to March 2021 and the report was presented at the Board Meeting held on 3 June 2021.

13. Principal Activity

Longhorn Publishers Plc is a pan-African publishing house whose shares are listed on the Nairobi Securities Exchange. The Company has grown its dominance in the publishing sector by establishing its presence throughout the region. In the East African region, the Company has fully incorporated subsidiaries in Uganda, Rwanda and Tanzania, and has operations across other African countries including Malawi, Cameroon, Zambia, Namibia and Senegal through distributor partnerships.

14. Compliance

Longhorn Publishers PLC's shares are listed on the Nairobi Securities Exchange (NSE). The Company operates within the requirements of the Kenyan Companies Act, Capital Markets Act, NSE listing guidelines and continuing obligations, among other Acts, and adopts certain universally accepted principles in the areas of human rights, employment/labour standards and environment in its commitment to best practice. Additionally, Longhorn Publishers PLC prepares its financial statements in accordance with International Financial Reporting Standards (IFRS).

Governance Audit: During the period under review, the Board, commissioned a Governance Audit which was undertaken by competent professionals accredited by the Institute of

Corporate Governance Statement

Certified Secretaries, in line with the requirements of the Code of Corporate Governance Practices for Issuers of Securities to the Public (the Code), 2015. The Governance Consultant opined that the Board has put in place effective, appropriate and adequate governance structures in the organization which are in compliance with the legal and regulatory framework, and in line with good governance practices, for the interest of stakeholders. The Consultant also provided recommendations for further improvements in governance which will be implemented in the course of FY 2021/22.

15. Going Concern

After assessing a wide range of information relating to present and projected future conditions of profitability, cashflows, capital and other resources, the Directors confirm that they are satisfied that Longhorn Publishers PLC has adequate resources to continue in business for the foreseeable future. For this reason, Longhorn Publishers PLC continues to adopt the going concern basis when preparing its financial statements.

16. Capital Structure

The issued and fully paid-up share capital of Longhorn Publishers PLC is Kshs. 272,440,473/- made up of 272,440,473 Ordinary Shares of Kshs. 1/- each.

17. Top Ten Shareholders as at 30 June 2021

No.	Name of Shareholder	No of Shares	%
1	Stanbic Nominees Ltd A/C R98301	164,014,078	60.20%
2	Pacific Futures and Options Limited	35,011,750	12.85%
3	Francis Thombe Nyammo	16,018,000	5.88%
4	Halifax Capital Corporation Limited	12,238,484	4.49%
5	Kamami Investments Limited	3,114,050	1.14%
6	TextBook Center Ltd	2,821,750	1.04%
7	Heer Gurbir Singh Amrik Singh	1,713,900	0.63%
8	Mrs Jane Kaari Mugiri (Deceased)	1,513,600	0.56%
9	Charles Esonga Onduso	1,504,194	0.55%
10	Kestrel Capital Nominees Limited A/c 009	1,479,400	0.54%
11	**Others**	**33,011,267**	**12.12%**
Total Issued Shares		**272,440,473**	**100.00%**

18. Directors' shareholding

Name of Director	No. of Shares	%
Stanbic Nominees Ltd A/C R98301*	164,014,078	60.20
Francis Thombe Nyammo**	16,018,000	5.88
Total	**180,032,078**	**66.08**

* Centum Investment Company Plc has a beneficial interest in 164,014,078 shares (60.2%) held by Stanbic Nominees Limited A/c R98301.

** Hon. Francis Thombe Nyammo has a beneficial interest in Pacific Futures and Options Limited which holds 35,011,750 shares (12.85%) of the Company.

Corporate Governance Statement

It is highlighted that Muigai Githu has a beneficial interest in Halifax Capital Corporation Limited which holds 12,238,484 shares (4.49%) in the Company.

19. Distribution of shareholders as at 30 June 2021

	No. of shareholders	No. of shares	%
Less than 500	1,504	267,280	0.10%
501 – 5,000	1057	2,112,907	0.78%
5001 – 10,000	237	1,784,171	0.65%
10,001 – 100,000	303	8,814,073	3.24
100,001 – 1,000,000	36	10,764,916	3.72%
Above 1,000,000	17	248,697,126	91.28%
Totals	**3,154**	**272,440,473**	**100.00%**

Governance Auditor's Report

AZALI

REPORT OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC

INTRODUCTION

We have performed the Governance Audit for Longhorn Publishers PLC covering the year ended 30 June 2021 which comprised assessment of governance practices, structures and systems put in place by the Board.

BOARD RESPONSIBILITY

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organization. The responsibility includes planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the organization. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of Governance instruments, policies, structures, systems and practices in the organization within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management, based on our audits.

We conducted our audits in accordance with ICS Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organization's policies, systems, practices and processes. We believe that our governance audits provide a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place effective, appropriate and adequate governance structures in the organization which are in compliance with the legal and regulatory framework and in line with good governance practices for the interest of stakeholders.

………………..

CS. Madren Oluoch-Olunya, ICS GA No. 00192
For: Azali Certified Public Secretaries LLP
P O Box 6219-00200 Nairobi

28th October 2021

Financials

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 30 June 2021.

BUSINESS REVIEW

The principal activity of Longhorn Publishers PLC (the company and its subsidiaries) continues to be the publishing of high quality educational and general books and provision of innovative digital learning solutions.

Operating Environment:

The COVID-19 pandemic and its impact on the economies and people had the most significant impact on the business. There was extended suspension of learning in schools, strained consumer wallets and macro-economic pressures. The year under review started with schools closed in Kenya and Uganda for the entire first half and with movement restrictions in place. Throughout the year, the countries we operate in were variously impacted by COVID-19.

Further, the COVID-19 tax relief measures introduced by the Government in 2020 were rolled back at the beginning of the 2021 calendar year. All this led to uncertainties which required us to take a cautious approach in the allocation of resources. Our priority remained the safety and wellbeing of our employees, relationships with our partners and preservation of the long-term shareholder value.

The directors continuously assessed the impact of COVID-19 on the operations of the Group and formulated responses to the various possible scenarios that could disrupt its operations.

Financial Highlights:

Revenue for the year increased by 16% to Shs 1,244 million compared to prior year. The revenue growth contribution was as follows: Kenya recorded an 18% revenue growth, Tanzania 8% while Uganda recorded 83% growth for the year. Tanzania marked the 4th straight year of revenue growth while Uganda surpassed USD 1 million in revenue despite the country being under lockdown for most of the year.

The operating expenses for the year decreased by 53% compared to prior year due to the cost containment measures implemented during the year and streamlining of operations.

Finance costs increased by 21% which can be explained by the investments the Group continues to make in regional expansion, product diversification and the digital transformation journey. Management intends to reduce the current loans progressively as the Group's performance improves.

Profit before tax was Shs 18 million compared to the prior year loss before tax of Shs 295 million. This marked a significant turnaround in the business in one year confirming the resilience of our business model, strong brand, agile employees and ability to adapt to a changing operating environment.

Future outlook:

Digital – The Group has made significant strides towards scaling and fully optimizing its digital learning solutions. The business is upgrading its eLearning and eBook platforms which are anticipated to be launched in Q2 of FY22. Further, more products are being developed to serve the ex-curriculum space. One of these products is SOMO, an upskilling platform that provides learners with critical 21st century skills and connects them to opportunities to use those skills.

Regional presence – The Group continues to take advantage of opportunities in the African market in its quest to become the number one provider of innovative learning solutions in Africa. Revenue is expected to grow in all African markets including in the DRC and Cameroon, countries we entered last year. Further, plans to enter the Ghana market are at advanced stages.

Directors' Report (continued)

Product portfolio – The Group has expanded its product base and is set to realise higher returns in the coming years. The significant titles developed in the year included primary and secondary coursebooks in Uganda, approval of CBC Grade 6 titles in Kenya and English and French titles in Cameroon. The development of titles will continue in all the countries we operate in, including in non-coursebooks.

Key performance ratios

The table below highlights some of the key performance indicators:

	Group		Company	
Performance ratios	**2021**	**2020**	**2021**	**2020**
Revenue in (Shs'000)	1,243,925	1,067,926	1,019,384	864,470
Gross profit margin	40%	46%	41%	45%
Operating profit/(loss) margin	16%	(13)%	22%	(15)%
Profit/(loss) before income tax (Shs'000)	17,774	(295,354)	38,860	(283,832)
Net assets (Shs '000)	740,921	734,765	818,986	786,709

DIVIDEND

The directors do not recommend payment of dividends for the year (2020: Shs Nil).

DIRECTORS

The directors who held office during the year and to the date of this report were:

1. Hon. F. T. Nyammo - Group Chairman
2. Maxwell Wahome - Group MD and CEO
3. Raymond Nyamweya
4. Truphosa Kwaka-Sumba (Mrs)
5. Emma Miloyo (Ms)
6. Ali Hussein Kassim
7. Muigai Githu
8. Fred Murimi
9. Centum Investment Company PLC - Represented by Samuel Kariuki

DISCLOSURES TO AUDITOR

The directors confirm that with respect to each director at the time of approval of this report:

(a) There was, as far as each director is aware, no relevant audit information of which the Company's and Group's auditor is unaware; and

(b) Each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's and Group's auditor is aware of that information.

TERMS OF APPOINTMENT OF AUDITOR

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 721 (2) of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board

Secretary
16 September 2021

Directors' Responsibilities

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and Group at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Company and Group keeps proper accounting records that are sufficient to show and explain the transactions of the Group; disclose with reasonable accuracy at any time the financial position of the Group; and that enables them to prepare financial statements of the Group that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
ii) Selecting suitable accounting policies and then apply them consistently; and
iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Company's and Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 16 September 2021 and signed on its behalf by:

Hon. F. T. Nyammo
Group Chairman

Maxwell Wahome
Group Managing Director & CEO

Directors' Remuneration Report

Information not subject to audit

The remuneration for Non-Executive Directors is determined by the Nominations and Governance Committee and reviewed on an annual basis based on the Group's performance. The remuneration comprises of a monthly allowance, sitting allowances for board and committee meetings and a travel allowance.

The Executive director's remuneration is fixed in the employment contract and reviewed periodically by the Nominations and Governance Committee.

Information subject to audit

The following table shows the remuneration for the directors in respect of qualifying services for the year ended 30 June 2021 together with the comparative figures for the year ended 30 June 2020.

For the year ended 30 June 2021	**Salary Shs 000**	**Fees Shs 000**	**Gratuity Shs 000**	**Bonuses Shs 000**	**Total Shs 000**
Hon. F. T. Nyammo	-	1,491	-	-	1,491
Maxwell Wahome*	13,090	-	-	-	13,090
Muigai Githu	-	782	-	-	782
Raymond Nyamweya	-	735	-	-	735
Emma Miloyo	-	746	-	-	746
Fred Murimi	-	-	-	-	-
Ali Hussein Kassim	-	1,223	-	-	1,223
Truphosa Kwaka-Sumba	-	700	-	-	700
Centum Investment Company PLC**	-	1,720	-	-	1,720
	13,090	7,397	-	-	20,487
For the year ended 30 June 2020					
Hon. F. T. Nyammo	-	1,824	-	-	1,824
Maxwell Wahome*	18,707	-	-	843	19,550
Muigai Githu	-	802	-	-	802
Raymond Nyamweya	-	747	-	-	747
Susan N. Omanga	-	411	-	-	411
Emma Miloyo	-	191	-	-	191
Fred Murimi	-	-	-	-	-
Ali Hussein Kassim	-	1,566	-	-	1,566
Truphosa Kwaka-Sumba	-	806	-	-	806
Centum Investment Company PLC**	-	2,117	-	-	2,117
	18,707	8,464	-	843	28,014

*Executive director. The rest of the directors are non-executive.
**Centum Investment Company PLC is represented by Samuel Kariuki.

On behalf of the Board

16 September 2021
Hon. F. T. Nyammo
Group Chairman

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Longhorn Publishers PLC (the Company) and its subsidiaries (together, the Group) set out on pages 56 to 95, which comprise the consolidated statement of financial position at 30 June 2021 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 30 June 2021, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of Longhorn Publishers PLC give a true and fair view of the financial position of the Group and the Company at 30 June 2021 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

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

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Nobert's B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC (Continued)

Key audit matter	How our audit addressed the matter
Valuation of goodwill As disclosed under note 15 of the financial statements, the Group has significant goodwill arising from acquisition of a subsidiary company. The goodwill is tested annually for impairment by comparing the carrying amount of the individual cash generating unit (CGU) to its recoverable amount. The determination of the recoverable amount being the higher of the value in use and the fair value less costs to dispose, involves significant estimates and assumptions of unobservable inputs such as projected cash flows, long term growth rates and discount rate. The methods, estimates and assumptions used in the determination of the fair value of the CGU are disclosed under note 15 of the financial statements.	We assessed management's processes and controls for determination of the fair value of the CGU, including the oversight from those charged with governance. Evaluated management's future cash flow forecasts by comparing them to recent actual performance and challenged the reasonableness of the approved five-year financial budgets of the CGU. We challenged the reasonableness of management's key assumptions in relation to long term growth rates and discount rates, as detailed below: • Long term growth rates by comparing them to economic and industry forecasts; and • Discount rate by assessing the cost of capital for the company and observable market data, as well as considering country specific factors. Performed sensitivity analysis of the assumptions in the goodwill calculations based on significant assumptions. Tested the mathematical accuracy of the computation. Evaluated the adequacy and consistency of disclosures in the financial statements.

Other information

The other information comprises the Directors' report, Chairman's statement, Managing Director's statement, Directors' Remuneration report, Statement of directors' responsibilities and Principal shareholders and share distribution report which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC (Continued)

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONGHORN PUBLISHERS PLC (Continued)

our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial statements (continued)

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the report of directors' report on pages 28 to 31 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on page 4 has been properly prepared in accordance with the Companies Act, 2015.

CPA Kang'e Saiti Practising certificate No. 1652.
Signing partner responsible for the independent audit.

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
16 September 2021

Consolidated statement of profit or loss and other comprehensive income

	Notes	2021 Shs'000	2020 Shs'000
Revenue	5 (b)	1,243,925	1,067,926
Cost of sales		(746,501)	(580,645)
Gross profit		497,424	487,281
Other income		3,024	1,978
Selling and distribution costs		(33,979)	(131,922)
Staff redundancy costs		-	(22,188)
Provisions for expected credit losses		(8,386)	(69,122)
Other administrative expenses	7	(257,062)	(409,452)
Operating profit/(loss)		201,021	(143,425)
Finance costs	6	(183,247)	(151,929)
Profit/(loss) before income tax		17,774	(295,354)
Income tax (expense)/credit	9	(10,299)	69,484
Profit/(loss) for the year		7,475	(225,870)
Profit/(loss) attributable to:			
- Owners of the parent		8,222	(225,996)
- Non-controlling interest		(747)	126
		7,475	(225,870)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(1,319)	(2,000)
Total comprehensive income/(loss) for the year		6,156	(227,870)
Earnings per share			
Basic and diluted earnings per share		0.03	(0.83)

Company statement of profit or loss and other comprehensive income

	Notes	2021 Shs'000	2020 Shs'000
Revenue	5 (b)	1,019,384	864,470
Cost of sales		(606,292)	(478,797)
Gross profit		413,092	385,673
Other income		2,006	1,810
Selling and distribution costs		(16,513)	(113,143)
Staff redundancy costs		-	(22,188)
Provisions for expected credit losses		-	(64,332)
Other administrative expenses	7	(177,319)	(320,985)
Operating profit/(loss)		221,266	(133,165)
Finance costs	6	(182,406)	(150,667)
Profit/(loss) before income tax		38,860	(283,832)
Income tax (expense)/credit	9	(6,583)	69,484
Profit/(loss) for the year		32,277	(214,348)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		32,277	(214,348)

Financial Statements (continued)

Consolidated statement of financial position

	Notes	2021 Shs'000	2020 Shs'000
ASSETS			
Non-current assets			
Property and equipment	12 (a)	182,955	189,535
Intangible assets (Software)	13 (a)	9,959	13,881
Pre-publishing costs	13 (b)	802,370	741,839
Other assets	15	39,731	-
Goodwill	16	125,786	125,786
Deferred income tax	17	73,147	74,880
		1,233,948	1,145,921
Current assets			
Inventories	18	684,516	548,710
Trade and other receivables	19	873,136	582,139
Current income tax		32,111	37,161
Cash and bank balances	20	54,018	136,233
		1,643,781	1,304,243
TOTAL ASSETS		2,877,729	2,450,164
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	21	272,440	272,440
Share premium	21	368,289	368,289
Retained earnings		156,623	148,401
Translation reserve		(56,042)	(54,723)
		741,310	734,407
Non-controlling interest		(389)	358
Total equity		740,921	734,765
Liabilities			
Non-current liabilities			
Borrowings	23	-	354,739
Current liabilities			
Trade and other payables	22	942,654	540,158
Borrowings	23	1,177,002	800,038
Bank overdraft	20	17,152	20,464
		2,136,808	1,360,660
TOTAL EQUITY AND LIABILITIES		2,877,729	2,450,164

The financial statements on pages 56 to 95 were approved for issue by the board of directors on 16 September 2021 and signed on its behalf by:

Hon. F. T. Nyammo
Group Chairman

Maxwell Wahome
Group Managing Director & CEO

Financial Statements (continued)

Company statement of financial position

	Notes	2021 Shs'000	2020 Shs'000
ASSETS			
Non-current assets			
Property and equipment	12 (b)	127,721	136,908
Intangible assets (Software)	13 (a)	8,084	11,972
Pre- publishing costs	13 (b)	567,071	548,166
Other ssets	15	39,731	-
Investment in subsidiaries	14	166,594	166,594
Deferred income tax	17	71,969	70,128
		981,170	933,768
Current assets			
Inventories	18	502,751	363,809
Trade and other receivables	19	753,218	539,973
Due from subsidiary companies	27 (a)	643,457	573,600
Current income tax		27,951	37,161
Cash and bank balances	20	47,437	80,427
		1,974,814	1,594,970
TOTAL ASSETS		2,955,984	2,528,738
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	21	272,440	272,440
Share premium	21	368,289	368,289
Retained earnings		178,257	145,980
Total equity		818,986	786,709
Liabilities			
Non-current liabilities			
Borrowings	23	-	354,739
Current liabilities			
Trade and other payables	22	920,597	544,843
Due to subsidiary company	27 (b)	69,083	69,083
Borrowings	23	1,130,166	752,900
Bank overdraft	20	17,152	20,464
		2,136,998	1,387,290
TOTAL EQUITY AND LIABILITIES		2,955,984	2,528,738

The financial statements on pages 56 to 95 were approved for issue by the board of directors on 16 September 2021 and signed on its behalf by:

Hon. F. T. Nyammo
Group Chairman

Maxwell Wahome
Group Managing Director & CEO

Financial Statements (continued)

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings	Translation reserve	Non-controlling interest	Total equity
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 30 June 2020						
As start of year	272,440	368,289	516,066	(52,723)	232	1,104,304
Loss for the year	-	-	(225,996)	-	126	(225,870)
Other comprehensive loss for the year:						
Exchange difference on translation of foreign operations	-	-	-	(2,000)	-	(2,000)
Transactions with owners:						
Dividends paid	-	-	(141,669)	-	-	(141,669)
At end of year	272,440	368,289	148,401	(54,723)	358	734,765
Year ended 30 June 2021						
As start of year	272,440	368,289	148,401	(54,723)	358	734,765
Profit for the year	-	-	8,222	-	(747)	7,475
Other comprehensive loss for the year:						
Exchange difference on translation of foreign operations	-	-	-	(1,319)	-	(1,319)
At end of year	272,440	368,289	156,623	(56,042)	(389)	740,921

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Total equity
Year ended 30 June 2020				
As at start of the year	272,440	368,289	501,997	1,142,726
Loss for the year	-	-	(214,348)	(214,348)
Dividends paid	-	-	(141,669)	(141,669)
At end of year	272,440	368,289	145,980	786,709
Year ended 30 June 2021				
As at start of the year	272,440	368,289	145,980	786,709
Profit for the year	-	-	32,277	32,277
At end of year	272,440	368,289	178,257	818,986

Consolidated statement of cash flows

	Notes	2021 Shs'000	2020 Shs'000
Cash flows from operating activities			
Cash generated from operations	24	225,682	138,960
Net exchange loss		-	(509)
Income tax paid		(332)	(75,715)
Net cash generated from operating activities		225,350	62,736
Cash flows from investing activities			
Purchase of property and equipment	12 (a)	(4,194)	(3,796)
Proceeds from disposal of property and equipment			57
Purchase of intangible assets (software)	13 (a)	(1,800)	(10,190)
Spend on pre-publishing costs	13 (b)	(96,027)	(232,923)
Net cash used in investing activities		(102,021)	(246,852)
Cash flows from financing activities			
Proceeds from borrowings	23	630,292	1,152,978
Repayments - Principal	23	(681,254)	(628,748)
Repayments - Interest		(151,270)	(151,420)
Dividends paid to shareholders		-	(141,669)
Net cash (used in)/generated from financing activities		(202,232)	231,141
Net (decrease)/increase in cash and cash equivalents		(78,903)	47,025
At start of year		115,769	73,128
Translation differences on cash and cash equivalents		-	(4,384)
At end of year	20	36,866	115,769

Company statement of cash flows

	Notes	2021 Shs'000	2020 Shs'000
Cash flows from operating activities			
Cash generated from operations	24	210,561	10,374
Net exchange loss		-	(494)
Income tax paid		(315)	(59,727)
Net cash generated from/(used in) operating activities		210,246	(49,847)
Cash flows from investing activities			
Purchase of property and equipment	12 (b)	(229)	(1,974)
Proceeds from disposal of property and equipment		-	-
Purchase of intangible assets (software)	13(a)	(1,800)	(9,325)
Spending on pre-publishing costs	13(b)	(43,866)	(172,075)
Net cash used in investing activities		(45,895)	(183,374)
Cash flows from financing activities			
Proceeds from borrowings	23	630,292	1,152,618
Repayments - Principal	23	(680,256)	(625,307)
Repayments - Interest		(144,065)	(150,173)
Dividends paid to shareholders		-	(141,699)
Net cash (used in)/generated from financing activities		(194,029)	235,439
Net (decrease)/increase in cash and cash equivalents		(29,678)	2,218
At start of year		59,963	57,745
At end of year	20	30,285	59,963

Notes to the financial statements

1 General information

Longhorn Publishers PLC is a limited liability company incorporated in Kenya under the Companies Act, 2015 and is domiciled in Kenya. The address of its registered office is:
LR No. 209/5604
Funzi Road, Industrial Area
P O Box 18033 – 00500
Nairobi

The consolidated financial statements as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (which together are referred to as the 'Group').

The Company's shares are listed on the Nairobi Securities Exchange.

For Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income, in these financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

(i) Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in compliance with the Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(ii) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'Functional Currency'). The financial statements are presented in Kenya Shillings in thousands (Shs) which is the Company's Functional Currency.

All financial information presented in Kenya Shillings have been rounded to the nearest thousand except when otherwise indicated.

(iii) Going concern
The Group's statement of financial position indicates a net current liabilities position of Shs 493 million (2020: net current liabilities position of Shs 56 million). This was attributable to the COVID-19 crisis and the related mitigating measures implemented by governments where Longhorn Publishers PLC operates, including the suspension of learning in schools which caused disruption in the learning cycle.

To satisfy themselves as to the going concern of the Group, management has considered the following:

- The detailed funding assessment (including a debt maturity analysis) which indicates ability to repay debts as sales improve;
- Sales pipeline in the next financial year is sufficient to exhaust the net current liability position. The performance in the first 2 months of FY22 gives comfort that this will be achieved if there are no further disruptions to the business;

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

(iii) Going concern (continued)

- The Group had undrawn funding available as at 30 June 2021 of Shs 79 million as disclosed in Note 23. Because the bank has offered revolving facilities, this means that the available amounts will increase as scheduled repayments are made;
- The Group continues to enjoy favourable trading terms with its suppliers owing to the long-term view of the business; and
- There are amounts totalling Shs 150M in trade and other payables that fall due in the second half of the year. This has relieved the group of immediate liquidity pressure.

Based on the above, the directors are satisfied that the Group would generate or access sufficient funds to meet all its obligations over the next twelve-month period from the date of the financial statements. Also, the directors are confident that the Group will emerge stronger from the current crisis once the measures are eased across the different countries.

(b) Changes in accounting policy and disclosures

The table below provides a summary of relevant (i) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2020, and (ii) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2021.

(i) New and amended standards not adopted by the Group

Number	Executive summary
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	These amendments are applicable for annual periods on or after 1 January 2020. These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: "*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*."

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	These amendments are applicable for annual periods on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

(b) Changes in accounting policy and disclosures

(ii) New and amended standards in issue but not yet effective in the year ended 30 June 2021

Number	Executive summary
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	These amendments are applicable for annual periods on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	This amendment is applicable for annual periods on or after 1 January 2022. The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).
Amendment to IFRS 3, 'Business combinations'	This amendment is applicable for annual periods on or after 1 January 2022. The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	This amendment is applicable for annual periods on or after 1 January 2022. The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	This amendment is applicable for annual periods on or after 1 January 2022. The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

(c) Consolidation

The consolidated financial statements include the results of the Company and its subsidiaries. A subsidiary is an entity controlled by Longhorn Publishers PLC. Control is the power to direct the relevant activities of the subsidiary that significantly affects the subsidiary's return so as to have rights to the variable return from its activities.

Where the Group has the ability to exercise joint control over an entity but has rights to specified assets and obligations for liabilities of that entity, the entity is consolidated on the basis of the Group's rights over those assets and liabilities.

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investments in subsidiaries are accounted for at cost in the Company's financial statements.

(ii) Non-controlling interest (NCI)
NCI are initially measured at their proportionate share of the acquired identifiable net assets at the acquisition date.

(iii) Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair values of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(iv) Balances and transactions eliminated at consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Separate financial statements
In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment and investment in associates is accounted for using the equity method. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

(d) Revenue recognition

The Group recognises revenue for sales of books, rights and digital materials. Revenue is recognised as and when the Group satisfies a performance obligation by transferring control of a product to a customer.

The Group applies the five-step model as per IFRS 15 - *Revenue from contracts with customers,* to determine when to recognise revenue and at what amount. The following approach is used:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

The Group accounts for a contract with a customer only when: there is evidence of an arrangement, the Group can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

The performance obligation is the delivery of the books, rights and digital material.

For each of the revenue streams, the Group recognises revenue at a point in time specifically after the performance obligation to the customer has been fulfilled.

The Group policy is to allocate the total transaction price to the performance obligations in the product offer / contract by reference to their relative stand-alone selling prices e.g. books at standard cost price grossed up for margins.

The Group has no contact assets and liabilities due to the nature of the business.

(e) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

(e) Current and deferred income tax (continued)

a) Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Property and equipment

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold property	2.5%	Furniture	10%
Motor vehicles	25%	Computers	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

(g) Pre-publication costs

Pre-publication costs represent direct costs such as editorial, type-setting and staff costs incurred in the development of titles prior to their publication. These costs are carried forward in current intangible assets where the title will generate future economic benefits and costs can be measured reliably. These costs are amortised upon publication of the title over estimated economic lives of ten years or more, being an estimate of the expected operating life cycle of the title.

(h) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess consideration transferred over interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purposes of impairment testing, goodwill acquired in business combination is allocated to each of the cash generating units (CGUs) or Groups of cash generating units CGUs that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Computer software

Expenditure on acquisition or development of computer software is initially recognised at cost as intangible assets and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives of 3 years.

Intellectual property

Intellectual property relates to brand names, publishing titles and licences and copyrights acquired. Intellectual properties are initially recognised at cost of acquisition and carried at their cost less any accumulated amortisation and any impairment losses. Amortisation of intellectual properties is calculated on the straight line basis over their estimated useful life of ten years.

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

(h) Intangible assets (continued)

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and expenditure incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling expenses. Provision are made for obsolete, slow moving and defective inventories.

(j) Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which they are declared. Dividends are declared upon approval at the annual general meeting.

(k) Employee benefits

(i) Group's defined contribution retirement benefits scheme

The Group operates a defined contribution pension scheme for its eligible employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by contributions from both the employees and the Group. The contributions to the defined contribution plan are charged to profit or loss in the year to which they relate.

(ii) Statutory defined contribution pension scheme

The Group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently at Sh 200 per employee per month in Kenya, 10% of the basic pay per employee per month in Uganda and 20% of the basic pay per employee per month in Tanzania.

(iii) Other employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability in respect of annual leave accrued at the end of the reporting year.

The Group's obligations to retirement benefit schemes are recognised in the profit or loss as they fall due.

(l) Financial instruments

(i) Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

2 Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(ii) Classification

The Group classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.
b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.
c) All other financial assets are classified and measured at fair value through profit or loss.
d) Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
e) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Trade and other receivables, cash and bank balances and amounts due to subsidiary companies were classified as at amortised cost.
- Trade and other liabilities were classified as at amortised cost.

(iii) Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

(iv) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income and exchange gains and losses are recognised in profit or loss.

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

(v) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All changes in the loss allowance are recognised in profit or loss.

(vi) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, cancelled or expires.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(m) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘finance income or cost’. All other foreign exchange gains and losses are presented in profit or loss within ‘other income or expenses’.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short-term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from the bank repayable within three months from the date of advance.

Notes to the financial statements
(continued)

2 Summary of significant accounting policies (continued)

(o) Share capital

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

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

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

(q) Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director who makes strategic decisions.

(s) Earnings per share

Basic earnings per share is calculated by dividing:
- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Comparatives

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

Notes to the financial statements
(continued)

3 Critical accounting estimates and judgements

(i) Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expected future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Note 4 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The carrying amount of the goodwill and the key assumptions made are set out in Note 16.

Useful life of pre-publication assets

Pre-publication assets are amortised upon publication of the title over estimated future printing runs, being an estimate of the expected operating lifecycle of the title. The assessment of the recoverability of pre-publication assets is based on historical trends and management estimation of future potential sales. An incorrect amortisation profile could result in excess amounts being carried forward as intangible assets.

Income taxes

The Company exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

Deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilized. When recognizing deferred income tax assets, the Company exercises judgement in determining whether sufficient taxable profits will be available; this is done by assessing its future financial performance.

Notes to the financial statements
(continued)

3 Critical accounting estimates and judgements (continued)

(ii) Critical judgements in applying accounting policies

In the process of applying the group's accounting policies, directors have made judgements in determining:

- The classification of financial assets; and
- Whether financial and non-financial assets are impaired.

4 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of the operating environment and markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. Senior management identify, evaluate and mitigate financial risks. The board of directors provide guidance on the overall risk management.

Market risk

(i) Foreign exchange risk

The Group 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 and recognised assets and liabilities.

Management's policy to manage foreign exchange risk is to hold foreign currency bank accounts to hedge against any foreign currency denominated amounts payable.

At 30 June 2021, if the currency had weakened/strengthened by -0.24% (2020: 5%) against the US dollar with all other variables held constant, post-tax loss for the year and equity would have been increased/reduced by Shs 432,068 (2020: Shs 348,442), mainly as a result of US dollar denominated trade payables and bank balances.

(ii) Price risk

The Group does not hold price sensitive financial instruments hence does not face price risk.

(iii) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at fixed and floating interest rates. The risk is managed through close monitoring of the interest rates.

An increase/decrease of 5% on average borrowing rates would have resulted in an increase/decrease in profit after tax of Shs 7,949,548 (2020: Shs 7,570,998).

Notes to the financial statements
(continued)

4 Financial risk management objectives and policies (continued)

Credit risk

Credit risk arises from cash and short-term investments as well as trade and other receivables. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. For banks and financial institutions, only reputable well-established financial institutions are accepted. For trade receivables, the credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The Group has two types of financial assets that are subject to the expected credit loss model, i.e. trade and other receivables and cash and cash equivalents. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 2-5 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has assessed the impact of macroeconomic factors and the impact was not material.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and where the debtor has been declared insolvent.

Debts that are considered to be non-performing are fully impaired.

Related party receivables

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand.

Cash and bank balances

For cash at bank, management assesses the expected credit loss based on probability of default attached to the various banks by external rating agencies or the Central Bank of Kenya.

The default rates as at 30 June 2021 and 1 July 2020 were 1.6% and 3.8% respectively.

Notes to the financial statements
(continued)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

Group

The table below details the maximum exposure to credit risk:

30 June 2021	Gross amounts Shs'000	Expected Credit Loss (ECL) Shs'000	Total Shs'000
Trade receivables	890,215	(110,371)	779,844
Staff receivables	3,666	-	3,666
Other receivables	89,627	-	89,627
Bank balances	36,866	-	36,866
	1,020,374	(110,371)	910,003
30 June 2020			
Trade receivables	616,430	(101,985)	514,445
Staff receivables	5,143	-	5,143
Other receivables	62,551	-	62,551
Bank balances	136,233	-	136,233
	820,357	(101,985)	718,372
Company			
30 June 2021			
Trade receivables	738,561	(80,335)	658,226
Bank balances	30,285	-	30,285
Staff receivables	1,742	-	1,742
Due from subsidiaries	643,457	-	643,457
	1,414,045	(80,335)	1,333,710
30 June 2020			
Trade receivables	552,386	(80,335)	472,049
Bank balances	59,963	-	59,963
Staff receivables	2,441	-	2,441
Due from subsidiaries	573,559	-	573,559
	1,188,349	(80,335)	1,108,012

The movement in expected credit loss provisions has been disclosed under Note 19.

Notes to the financial statements
(continued)

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

The age analysis of the trade receivables as at end of each year was as follows:

Group

30 June 2021	**Gross balance**	**Expected credit loss**	**Net carrying amount**
	Shs'000	**Shs'000**	**Shs'000**
Current	13,320	(10,589)	2,731
Past due but not impaired	751,430	(4,788)	746,642
Past due – impaired	125,465	(94,994)	30,471
	890,215	(110,371)	779,844
30 June 2020			
Current	6,661	-	6,661
Past due but not impaired	19,176	(3,207)	15,969
Past due – impaired	590,593	(98,778)	491,815
	616,430	(101,985)	514,445

Company

30 June 2021	**Gross balance**	**Expected credit loss**	**Net carrying amount**
	Shs'000	**Shs'000**	**Shs'000**
Current	380,417	-	380,417
Past due but not impaired	259,589	(4,963)	254,626
Past due – impaired	98,555	(75,372)	23,183
	738,561	(80,335)	658,226
30 June 2020			
Current	2,547	-	2,547
Past due but not impaired	451,284	(4,963)	446,321
Past due – impaired	98,555	(75,372)	23,183
	552,386	(80,335)	472,049

4 Financial risk management objectives and policies (continued)

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash balances in the bank by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Excess cash is invested in call deposits which are readily convertible to liquid cash whenever need arises.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. For balances due within 12 months of year end, the carrying amounts are equal to their undiscounted cash flows as the impact of discounting is not significant.

Group	**Less than 12 Months**	**Between 1-2 years**	**Total**
	Shs'000	**Shs'000**	**Shs'000**
At 30 June 2021			
Trade and other payables	942,654	-	942,654
Borrowings	1,177,002	-	1,177,002
Bank overdraft	17,152	-	17,152
	2,136,808	-	2,136,808
At 30 June 2020			
Trade and other payables	540,158	-	540,158
Borrowings	881,222	414,334	1,295,556
Bank overdraft	20,464	-	20,464
	1,441,844	414,334	1,856,178

Company			
At 30 June 2021			
Trade and other payables	989,680	-	989,680
Borrowings	1,130,166	-	1,130,166
Bank overdraft	17,152	-	17,152
	2,136,998	-	2,136,998
At 30 June 2020			
Trade and other payables	544,843	-	544,843
Borrowings	833,671	414,334	1,248,005
Bank overdraft	20,464	-	20,464
	1,398,978	414,334	1,813,312

Notes to the financial statements
(continued)

4 Financial risk management objectives and policies (continued)

Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity mix.

The capital structure of the group consists of debt, which includes the borrowings less cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and retained earnings.

The gearing ratios at 30 June 2021 and 30 June 2020 were as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Total equity	740,921	734,765	818,986	786,709
Borrowings	1,177,002	1,154,777	1,130,166	1,107,639
Bank overdraft	17,152	20,464	17,152	20,464
Less: Cash and bank balances	(54,018)	(136,233)	(47,437)	(80,427)
	1,140,136	1,039,008	1,099,881	1,047,676
Gearing ratio	154%	141%	134%	133%

Notes to the financial statements
(continued)

5 (a) Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and to assess their performances. The CODM is the Group Managing Director.

Only geography applies as products are homogenous. The Group's operations are within four geographical segments, Kenya, Tanzania, Uganda and Rwanda. The table below contains segmental information provided to the CODM for the year ended 30 June 2021.

The CODM assesses the performance of the operating segments based on a measure of profit before tax. There is no inter segment revenue reported in the financial information provided to the CODM.

	Kenya	Tanzania	Uganda	Rwanda	Inter-segment transactions	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
30 June 2021						
Sales and other income	1,051,543	88,767	106,270	369	-	1,246,949
Cost of sales and other expenditure	(1,022,024)	(80,764)	(115,908)	(10,480)	-	(1,229,176)
Profit /(loss) before tax	29,519	8,003	(9,638)	(10,111)	-	17,773
Assets	2,841,614	(6,736)	50,552	11,883	(19,584)	2,877,729
Liabilities	2,023,856	25,617	49,749	6,679	30,907	2,136,808
30 June 2020						
Sales and other income	921,827	81,469	54,225	12,383	-	1,069,904
Cost of sales and other expenditure	(1,204,359)	(80,590)	(68,132)	(14,177)	2,000	(1,365,258)
Profit /(loss) before tax	(282,532)	879	(13,907)	(1,794)	2,000	(295,354)
Assets	2,643,126	185,487	222,530	109,877	(710,856)	2,450,164
Liabilities	1,816,319	222,710	212,702	93,247	(629,579)	1,715,399

Inter segment transactions relates to intercompany inventory transactions.

Notes to the financial statements
(continued)

5 (b) Revenue

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Recognised at a point in time:				
Sale of books and e-learning materials	1,243,578	1,060,612	1,019,037	857,156
Sale of rights	347	7,314	347	7,314
	1,243,925	1,067,926	1,019,384	864,470

6 Finance costs

Interest expense	183,247	151,420	182,406	150,173
Foreign exchange	-	509	-	494
	183,247	151,929	182,406	150,667

7 Other administrative expenses

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Depreciation (Note 12)	10,774	14,012	9,415	8,690
Amortisation of intangible assets (Note 13)	5,722	4,972	5,688	4,647
Auditors' remuneration	9,001	8,525	4,703	4,703
Staff costs (Note 8)	165,475	262,555	110,469	204,795
Directors' emoluments (Note 27)	21,230	28,742	20,487	28,014
Telephone, email and internet	3,965	12,036	1,459	9,647
Professional fees	15,423	18,037	12,387	14,426
Utilities	7,953	13,796	6,199	12,301
Other expenses	17,519	46,777	6,512	33,762
	257,062	409,452	177,319	320,985

Notes to the financial statements
(continued)

8 Staff costs

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Salaries and wages	110,902	179,506	75,534	139,868
Pension costs - NSSF	2,875	4,837	237	477
Pension costs – defined contribution scheme	1,383	12,440	1,383	12,440
Leave pay	301	(3,939)	-263	-3,466
Other staff costs	28,396	45,612	16,070	32,351
Staff medical expenses	21,618	24,099	17,508	23,125
	165,475	262,555	110,469	204,795

The average number of employees during the year was as follows:

	Group		Company	
	2021	2020	2021	2020
Number of employees	112	129	84	104

9 Income tax expense

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Current tax	8,566	-	8,424	-
Deferred tax (Note 17)	1,733	(69,484)	(1,841)	(69,484)
Income tax expense/(credit)	10,299	(69,484)	6,583	(69,484)

Notes (continued)

Notes to the financial statements
(continued)

9 Income tax expense (continued)

The tax on the company's (loss)/profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Profit/(loss) before income tax	17,773	(295,353)	38,859	(283,832)
Tax at the applicable rate of 27.5% (2020: 25%)	5,332	(73,838)	10,686	(70,958)
Tax effects of:				
- Expenses not deductible for tax purposes	(3,933)	5,278	116	2,398
- Under/(Over) provision of current and deferred tax in prior years	21,877	(924)	8,758	(924)
- Effects of change in tax rate	(12,977)	-	(12,977)	-
Income tax expense/(credit)	10,299	(69,484)	6,583	(69,484)

The Tax Laws (Amendment) Act, 2020 was enacted on 25 April 2020, among other Covid-19 insitigated tax changes. Corporation tax rate reduced to 25% from 30% and was applicable for the 2020 year of income. On December 2020, corporation tax was reverted to the pre-Covid-19 tax rate of 30% effective 1 January 2021.

10 Earnings per share-Basic and diluted

	2021	**2020**
Profit/(loss) attributable to ordinary shareholders (Sh'000)	8,222	(225,996)
Ordinary/weighted average number of ordinary shares in issue	272,440,000	272,440,000
Basic and diluted earnings per share (Shs)	0.03	(0.83)

11 Dividends per share

The directors do not recommend payment of dividends for the year (2020: Nil).

Notes to the financial statements
(continued)

12 (a) Property and equipment - Group

	Land and buildings Shs'000	Motor Vehicles Shs'000	Furniture and equipment Shs'000	Total Shs'000
At 30 June 2019				
Cost	209,560	34,577	89,952	334,089
Accumulated depreciation	(39,597)	(33,761)	(63,346)	(136,704)
Net book value	169,963	816	26,606	197,385
Year ended 30 June 2020				
Opening net book value	169,963	816	26,606	197,385
Additions	-	900	2,896	3,796
Disposals	-	-	(32)	(32)
Depreciation charge	(4,909)	(2,024)	(7,079)	(14,012)
Depreciation on disposals	-	-	14	14
Exchange adjustment	297	(71)	2158	2,384
Closing net book value	165,351	621	23,563	189,535
At 30 June 2020				
Cost	209,560	36,570	81,414	327,544
Accumulated depreciation	(44,209)	(35,949)	(57,851)	(138,009)
Net book value	165,351	621	23,563	189,535
Year ended 30 June 2021				
Opening net book value	165,351	621	23,563	189,535
Additions	-	-	4,194	4,194
Disposals	-	(5,671)	-	(5,671)
Depreciation charge	(5,095)	(553)	(5,126)	(10,744)
Depreciation on disposals	-	5,671	-	5,671
Closing net book value	160,256	68	22,631	182,985
At 30 June 2021				
Cost	209,560	30,899	85,608	336,376
Accumulated depreciation	(49,304)	(30,831)	(62,977)	(153,421)
Net book value	160,256	68	22,631	182,955

Notes to the financial statements
(continued)

12 (b) Property and Equipment – Company

	Land and buildings Shs'000	Motor vehicles Shs'000	Furniture and equipment Shs'000	Total Shs'000
Year ended 30 June 2020				
Opening net book value	118,950	2,629	22,045	143,624
Additions	-	-	1,974	1,974
Depreciation charge	(3,577)	(245)	(4,868)	(8,690)
Closing net book value	115,373	2,384	19,151	136,908
At 30 June 2020				
Cost	155,496	20,962	75,939	252,397
Accumulated depreciation	(40,123)	(18,578)	(56,788)	(115,489)
Net book value	115,373	2,384	19,151	136,908
Year ended 30 June 2021				
Opening net book value	115,373	2,384	19,151	136,908
Additions	-	-	229	229
Depreciation charge	(2,078)	(2,423)	(4,915)	(9,416)
Closing net book value	113,295	(39)	14,465	127,721
At 30 June 2021				
Cost	155,496	20,962	76,168	252,626
Accumulated depreciation	(42,201)	(21,001)	(61,703)	(124,903)
Net book value	113,295	(39)	14,465	127,721

Notes to the financial statements
(continued)

13 (a) Intangible assets – Software

	Group Shs'000	Company Shs'000
Year ended 30 June 2020		
Opening net book value	8,021	7,294
Additions	10,190	9,325
Amortisation charge	(4,330)	(4,647)
Closing net book value	13,881	11,972
At 30 June 2020		
Cost	46,328	76,584
Accumulated amortisation	(32,447)	(64,612)
Net book value	13,881	11,972
Year ended 30 June 2021		
Opening net book value	13,881	11,972
Additions	1,800	1,800
Amortisation charge	(5,722)	(5,688)
Closing net book value	9,959	8,084
At 30 June 2021		
Cost	48,128	78,384
Accumulated amortisation	(38,169)	(70,300)
Net book value	9,959	8,084

Notes to the financial statements
(continued)

13 (b) Prepublication costs

	Group		Company	
	2021	2020	2021	2020
Year ended 30 June	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Opening balance	741,839	533,154	548,116	432,119
Additions	96,027	232,923	43,916	172,075
Transfers to subsidiaries	-	-	-	(36,571)
Amortisation	(35,496)	(24,238)	(24,961)	(19,457)
Closing balance	802,370	741,839	567,071	548,116
At 30 June				
Cost	837,866	790,734	592,032	583,580
Accumulated amortisation	(35,496)	(48,895)	(24,961)	(35,464)
Net book value	802,370	741,839	567,071	548,116

Amortisation is included in the statement of profit or loss under cost of sales.

14 Investment in subsidiaries – Company

	Country of incorporation	% interest held	2021	2020
			Shs'000	**Shs'000**
Longhorn Publishers Uganda Limited	Uganda	100%	440	440
Longhorn Publishers Tanzania Limited	Tanzania	100%	41,688	41,688
Longhorn Publishers Rwanda Limited	Rwanda	100%	-	-
Longhorn Publishers Zambia Limited	Zambia	100%	337	337
Longhorn Publishers DRC Limited	DRC	50%	-	-
Law Africa Publishers (K) Limited	Kenya	92%	124,129	124,129
			166,594	166,594

15 Other assets

The Group has registered a company in Delaware, United States of America, Somo Learning Inc, to support the development and rollout of digital learning products.

The other assets of Shs 39 million relates to funds used in developing the first product called SOMO. SOMO is an upskilling platform that provides learners with critical 21st century skills and connects them to opportunities to use those skills. SOMO uses modern pedagogical principles to design learning experiences that create demonstrable outcomes.

Somo partners with organizations to increase engagement across their businesses by transforming parts of their customer and employee journeys with learning experiences. The product is still undergoing development.

Notes to the financial statements
(continued)

16 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the subsidiary at the date of acquisition. It relates to the acquisition of a 92% stake in Law Africa Publishing (K) Limited (LAP) effective 1 July 2016.

The directors monitor goodwill impairment at the level of the acquired entity, being the cash generating unit (CGU). The recoverable amount of the CGU is determined based on fair value calculations using cash flow projections covering a five-year period approved by management.

The net cashflows are discounted using the pre-tax weighted average cost of capital. Cashflows beyond the five-year period ae extrapolated using the estimated terminal growth rate.

The carrying amount of goodwill at year end was as follows:

	2021	2020
	Shs'000	Shs'000
Law Africa Publishing (K) Limited	125,786	125,786

The key assumptions used in the fair value less cost to sell (FVLCS) model are as follows:

Assumption Rate	Rate	Approach used to determine values:
Long term growth rate	5%	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rate is based on long term growth rate forecasts for the market.
Pre-tax discount rate	17%	Based on specific risks relating to the industry and country.

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 30 June 2021. As a result, the Group has not recognised an impairment charge (2020: Nil).

Significant estimate: Impact of possible changes in key assumptions

There were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment charge for LAP.

Notes to the financial statements
(continued)

17 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30% (2020: 25%).

The net deferred taxation asset is attributable to the following items:

	Group		Company	
	2021	2020	2021	2020
	Sh'000	Sh'000	Shs'000	Shs'000
Liabilities				
Accelerated capital allowances	26,670	20,837	22,620	20,729
Assets				
Provisions	(51,002)	(40,520)	(45,774)	(35,660)
Tax losses	(48,815)	(55,197)	(48,815)	(55,197)
Net deferred tax asset	(73,147)	(74,880)	(71,969)	(70,128)

The movement on the deferred tax account is as follows:

	Group		Company	
	2021	2020	2021	2020
	Shs' 000	Shs'000	Shs' 000	Shs'000
At the beginning of year	(74,880)	(5,396)	(70,128)	(644)
Movement in profit or loss (Note 9)	1,733	(69,484)	(1,841)	(69,484)
	(73,147)	(74,880)	(71,969)	(70,128)

Deferred tax asset relating to subsidiary companies has been recognised to the extent that is recoverable from future profits.

18 Inventories

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
Books	785,011	614,826	569,161	420,229
Provision for obsolete inventories	(100,495)	(66,116)	(66,410)	(56,420)
	684,516	548,710	502,751	363,809

The cost of inventories recognised as an expense and included in cost of sales for the Group amounted to Shs 588,804,500 (2020: Shs 422,104,928) and Company Shs 506,905,536 (2020: Shs 388,090,792) respectively.

Notes to the financial statements
(continued)

19 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	Sh'000	Shs'000	Shs'000	Shs'000
Gross trade receivables	890,215	616,430	738,561	552,384
Less: Expected credit losses	(110,371)	(101,985)	(80,335)	(80,335)
Net trade receivables	779,844	514,445	658,226	472,049
Staff receivables	3,666	5,143	1,742	2,441
Prepayments	83,516	29,527	82,239	27,709
Other receivables	6,110	33,024	11,011	37,774
	873,136	582,139	753,218	539,973

The carrying value of the above trade and other receivables approximates their fair value.

Movements on expected credit losses on trade receivables are as follows:

	Group		Company	
	2021	2020	2021	2020
	Sh'000	Sh'000	Shs'000	Shs'000
At start of year	101,985	33,295	80,335	16,003
Increase in provision	8,386	68,690	-	64,332
At end of year	110,371	101,985	80,335	80,335

20 Cash and cash equivalents

Cash at bank and in hand	54,018	136,233	47,437	80,427

For purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2021	2020	2021	2020
	Sh'000	Shs'000	Shs'000	Shs'000
Cash at bank and in hand	54,018	136,233	47,437	80,427
Bank overdrafts	(17,152)	(20,464)	(17,152)	(20,464)
	36,866	115,769	30,285	59,963

Notes to the financial statements
(continued)

21 Share capital – Group and company

	Number of shares	Ordinary shares	Share premium
		Shs'000	Shs'000
Balance at 1 July 2019, 30 June 2020 and at 30 June 2021	272,440,000	272,440	368,289

Ordinary shares have a par value of Shs 1. They entitle the holder to participate in dividends and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

The total authorised number of ordinary shares is 785,526,315 with a par value of Shs 1 per share. All issued shares are fully paid up.

22 Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	Sh'000	Shs'000	Shs'000	Shs'000
Trade payables	475,719	151,244	457,909	137,595
Royalty accruals	225,595	148,994	194,084	122,271
Payroll accruals	12,901	51,243	8,359	46,543
Other payables	228,439	188,677	260,245	238,434
	942,654	540,158	920,597	544,843

The carrying value of the above trade and other payables approximates their fair value.

23 Borrowings

	Group		Company	
	2021	2020	2021	2020
	Shs'000	Shs'000	Shs'000	Shs'000
The borrowings are made up as follows:				
Term loans	193,113	179,543	146,277	132,405
Commercial Paper	354,234	594,821	354,234	594,821
Supplier Finance	629,655	380,413	629,655	380,413
Total borrowings	1,177,002	1,154,777	1,130,166	1,107,639
Of which:				
Payable within 12 months	1,177,002	800,038	1,130,166	752,900
Payable after 12 months	-	354,739	-	354,739
	1,177,002	1,154,777	1,130,166	1,107,639

Notes to the financial statements
(continued)

23 Borrowings (continued)

Movement in borrowings	**Group**		**Company**	
	2021	**2020**	**2021**	**2020**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
At start of year	1,154,777	630,547	1,107,639	580,328
Additions-Principal	630,292	1,001,558	630,292	1,002,445
Additions-Interest	183,247	151,420	182,406	150,173
Payments in the year-Principal	(681,254)	(477,328)	(680,256)	(475,134)
Payments in the year-Interest	(110,060)	(151,420)	(109,915)	(150,173)
At end of year	1,177,002	1,154,777	1,130,166	1,107,639

Term loans mature within twelve (12) months and bear an average interest rate of 12.5% (2020: 12.5%).

Commercial papers mature at either six (6) or twelve (12) months and bear an average interest rate of 16% (2020: 16%).

All borrowings are denominated in Kenya shilling.

Bank borrowings are secured by an all asset debenture of shs 700,000,000 and a legal charge over LR. No. 209/5604, Funzi Road, Industrial area for shs 120,000,000.

The undrawn facilities borrowing facilities amount to Shs 79,539,454 (2020: Shs 285,189,000). All facilities are subject to review annually in October.

24 Cash generated from operations

Reconciliation of profit before taxation to cash generated from operations

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	Sh'000	**Sh'000**	**Shs'000**	**Shs'000**
Profit/(loss) before tax	17,774	(295,354)	38,860	(283,832)
Adjustments for:				
Depreciation (Note 12)	10,774	14,012	9,416	8,690
Amortisation of intangible assets (Note 13)	5,722	4 ,972	5,688	4,647
Amortisation of Pre-publishing costs (Note 13(b))	35,496	24,238	24,961	19,457
Gain disposal of property and equipment	(3,024)	(39)	(4,480)	-
Net exchange loss (Note 6)	-	509	-	494
Interest expense (Note 6)	183,247	151,420	182,406	150,173
Transfers of pre-publishing costs to subsidiaries	-	-	-	25,029
Working capital changes:				
- Inventories	(135,806)	(90,203)	(138,942)	(23,223)
- trade and other receivables	(290,997)	337,909	(213,245)	332,293
- trade and other payables	402,496	(8,504)	375,754	(12,109)
- Increase/(Decrease) in amounts due from subsidiaries	-	-	(69,857)	(211,245)
Cash generated from operations	225,682	138,960	210,561	10,374

Notes to the financial statements
(continued)

25 Capital commitments

There were no capital commitments as at 30 June 2021 (2020: Nil)

26 Contingent liabilities

There are currently claims arising in the normal course of business. The directors, based on advice received from the Group's lawyers, are of the opinion that no significant liabilities will crystallize.

27 Related party transactions

The immediate and ultimate parent of the Group is Centum Investment Company PLC, incorporated in Kenya. There are other companies that are related to Longhorn Publishers PLC through common shareholdings or common directorships.

A related party for the purposes of these financial statements is a company which, directly or indirectly, has common ownership with Longhorn Publishers PLC. The amounts due from and due to related parties are in respect of transactions arising in the normal course of business.

	2021	2020
	Shs'000	**Shs'000**
(a) Due from subsidiaries - Company		
Longhorn Publishers Uganda Limited	212,375	183,962
Longhorn Publishers Tanzania Limited	170,397	130,937
Longhorn Publishers Rwanda Limited	100,359	100,338
Law Africa Publishing (K) Limited	160,326	158,363
	643,457	573,600
(b) Due to subsidiaries - Company		
Longhorn Publishers Rwanda Limited	69,083	69,083

(c) Key management compensation

The remuneration of key management during the year was as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Sh'000	**Sh'000**	**Shs'000**	**Shs'000**
Salaries and other benefits	65,036	74,784	65,036	74,784
(d) Directors' emoluments				
Fees for services as directors	8,140	9,192	7,397	8,464
Salary	13,090	18,707	13,090	18,707
Bonuses and benefits	-	843	-	843
	21,230	28,742	20,487	28,014

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Notice of Annual General Meeting

Notice of Annual General Meeting

TO ALL SHAREHOLDERS

LONGHORN PUBLISHERS PLC

NOTICE is hereby given that the 2021 Annual General Meeting of the Company will be held via electronic communication, on **Thursday, 25 November 2021 at 11:00 a.m**. to transact the following business:

1. The Secretary to read the notice convening the meeting and confirm the presence of quorum.

2. To receive, consider and adopt the Financial Statements for the financial year ended 30 June 2021 together with the Chairman's Statement, and the Directors' and Auditors' reports thereon.

3. To note that the Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2021.

4. To re-elect Directors:

4.1 Mr Ali Hussein Kassim retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.

4.2 Mr Muigai Githu retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.

4.3 Mr Fredrick Murimi retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.

5. Pursuant to Section 769(1) of the Companies Act 2015, to elect the following directors, being members of the Board Audit & Risk Committee, to continue to serve as members of the Committee:

- Mr Ali Hussein Kassim (Chairman)
- Mrs Truphosa Kwaka-Sumba
- Mr Raymond Nyamweya Ondieki
- Mr Samuel Kariuki
- Ms Emma Miloyo

6. To approve the Directors Remuneration Report for the financial year ended 30 June 2021.

7. To re-appoint Messrs PricewaterhouseCoopers as Auditors by virtue of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix the Auditor's remuneration for the ensuing financial year.

8. Any other business of which due notice has been given.

BY ORDER OF THE BOARD

ENID MURIUKI (MRS)
COMPANY SECRETARY

Date: 2 November 2021

Notice of Annual General Meeting

NOTES:

1. Longhorn Publishers PLC has convened and is conducting the 2021 virtual Annual General Meeting (AGM) pursuant to the provisions of its Articles of Association.

2. Shareholders wishing to participate in the meeting should register for the AGM by dialing ***483*809**# for all Kenyan telephone networks and following the various registration prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC Account Number at hand. For assistance, shareholders should dial the following helpline number: (+254) 709 170 000 from 9:00 am to 5:00pm East African time from Monday to Friday. Any shareholder outside Kenya should send their details to longhorn2021agm@image.co.ke.

   Registration for the AGM will open on Wednesday, 3rd November 2021 at 11:00 am and will close on Tuesday, 23rd November 2021 at 11:00 a.m. East African time.

3. In accordance with Section 283 (2) (c) of the Companies Act, the following documents may be viewed on the Company's website www.longhornpublishers.com (i) a copy of this Notice and the proxy form; (ii) the Company's audited financial statements for the year ended 30 June 2021.

4. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:

   a. sending their written questions by email to longhorn2021agm@image.co.ke; or
   b. shareholders who will have registered to participate in the meeting will be able to ask questions vis SMS by dialing the USSD code above and selecting the option 'Ask Question' on the prompts; or
   c. to the extent possible, physically delivering their written questions with a return postal address or email address to the registered office of the Company, Longhorn Publishers Plc, Funzi Road, Industrial Area, Nairobi or to Image Registrars offices at 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street; or
   d. sending their written questions with a return postal address or email address by registered post to the Company Registrars address: Image Registrars, P. O. Box 9287, 00100 GPO, Nairobi.

5. Shareholders must provide their full details (full names, ID/Passport Number/CDSC Account Number) when submitting their questions and clarifications.

6. All questions and clarifications must reach the Company on or before Tuesday, 23rd November 2021 at 11:00 a.m. East African time. Following receipt of the questions and clarifications, the Directors of the Company will provide written responses to the return postal address or email address provided by the Shareholder no later than 12 hours before the start of the general meeting. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the Annual General Meeting.

7. In accordance with Section 298(1) of the Companies Act, shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company. If the Proxy appointed is not the Chairman of the AGM, the appointed proxy will need access to a mobile telephone.

8. A proxy form is available on the Company's website via the link: www.longhornpublishers.com. Physical copies of the proxy form are also available at the Longhorn Publishers Plc offices on Funzi Road, Industrial Area, Nairobi, or from Image Registrars Limited offices, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street.

   A proxy must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate.

Notice of Annual General Meeting

A completed form of proxy should be emailed to longhorn2021agm@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 48 hours before the time of holding the meeting i.e. Tuesday, 23rd November 2021 at 11:00 a.m. East African time.

Any person appointed as a proxy should submit his/her mobile telephone number to the Company no later than Tuesday, 23rd November 2021 at 11:00 a.m. East African time. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than Wednesday, 24th November 2021 to allow time to address the issues.

9. The AGM will be streamed live through a link which shall be provided to all shareholders and proxies who will have registered to participate in the Annual General Meeting. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the live stream.

Duly registered shareholders and proxies may vote (when prompted by the Chairman) via the USSD prompts. Results of the poll shall be published within 48 hours following conclusion of the AGM on the Company's website.

10. Shareholders are encouraged to continue monitoring the Company's website www.longhornpublishers.com for updates relating to the AGM.

Proxy form

LONGHORN PUBLISHERS PLC
PROXY FORM

I/WE ____

OF ____

Being a member of the above Company, hereby appoint:

____

OF ____

or failing him, the Chairman of the Meeting, as my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **Thursday, 25 November 2021** and at any adjournment thereof.

As witness my/our hand this day of 2021

Signed ______________________

Signed ______________________

Kindly mark the box below to instruct your proxy how to vote

RESOLUTION	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. To receive, consider and adopt the Financial Statements for the financial year ended 30 June 2021 together with the Chairman's Statement, and the Directors' and Auditors' reports thereon.			
2. To reappoint Mr Ali Hussein Kassim who retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.			

Proxy form

3. To reappoint Mr Muigai Githu who retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.			
4. To reappoint Mr Fredrick Murimi who retires at this meeting in accordance with the provisions of Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election.			
5. To elect the following directors, being members of the Board Audit & Risk Committee, to continue to serve as members of the Committee:- • Mr Ali Hussein Kassim (Chairman) • Mrs Truphosa Kwaka-Sumba • Mr Raymond Nyamweya Ondieki • Mr Samuel Kariuki • Ms Emma Miloyo			
6. To approve the Directors Remuneration Report for the financial year ended 30 June 2021.			
7. To reappoint Messrs PricewaterhouseCoopers as Auditors by virtue of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix the Auditor's remuneration for the ensuing financial year.			

Proxy form

LONGHORN PUBLISHERS PLC
ELECTRONIC COMMUNICATIONS CONSENT FORM

Please complete in **BLOCK CAPITALS**

Full name of the Shareholder____

Name of the appointed Proxy(s):____

Address: ____

Mobile Number [ ]

Date: ______________________________

Signature: __________________________

Please tick **ONE** of the boxes below and return to Image Registrars Limited at P.O. Box 9287- 00100 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration
I/WE approve to register to participate in the virtual Annual General Meeting to be held on 25th November 2021. [ ]

Consent for use of the Mobile Number provided
I/WE would give my/our consent for the use of the mobile number provided below for purposes of voting at the AGM. [ ]

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and emailed to longhorn2021agm@image.co.ke or delivered to Image Registrars Limited, 5th Floor Absa Towers (formerly Barclays Plaza), Loita Street, P.O. Box 9287 – 00100 GPO, Nairobi, so as to be received not later than 48 hours before the time of holding the meeting i.e. Tuesday, 23rd November, 2021 at 11:00 am East African time, or any adjournment thereof.

2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.

3. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words “the Chairman of the Meeting or” and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.

Proxy form

4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.

5. To be valid the form of proxy should be completed, signed and emailed/delivered (together with a power of attorney or other authority (if any) under which it is assigned or a notarized certified copy of such power or authority) to longhorn2021agm@image.co.ke or to Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street and address P.O. Box 9287- 00100 Nairobi not later than 11.00 a.m. on Tuesday, 23rd November 2021, before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll.

6. In the case of a Company being a shareholder then this proxy form must be executed under its common seal or signed on its behalf by an officer of that company or an authorized attorney for that Company.

7. An “abstain” vote option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

Corporate Information

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Fax: + 254 (20)285 5001
Email: PwC.kenya@ke.PwC.com

Registrars
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