

COMPUTER WAREHOUSE GROUP LIMITED

LAGOS, NIGERIA

REPORT OF THE DIRECTORS

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2012

COMPUTER WAREHOUSE GROUP LIMITED

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012.

CONTENTS	PAGE
Corporate Information	1
Report of the Directors	2
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6
Consolidated and Separate Statement of Comprehensive Income	8
Consolidated and Separate Statement of Financial Position	9
Consolidated and Separate Statement of Changes in Equity	10
Consolidated and Separate Statement of Cash Flows	11
Notes to the Financial Statements	12
Statement of Value Added	46
Five- year financial Summary	47

COMPUTER WAREHOUSE GROUP LIMITED

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012.

CORPORATE INFORMATION

DIRECTORS

Chief Willie Belonwu
Austin Okere

Philip Obioha
James Agada
Abiodun Fawunmi
Ravi Sharma

Chairman
(Managing Director/
Chief Executive Officer)
Director-COO
Director-CTO
Non-executive
Non-executive (British)

REGISTERED OFFICE

5th Floor Octagon Building,
13 A.J. Marinho Drive,
Victoria Island
Lagos.
Tel: 01-7406817, 01-8936502
www.cwlgroup.com

AUDITORS

Ernst & Young
(Chartered Accountants)
2A, Bayo Kuku Road,
Off Alfred Rewane Road
Ikoyi, Lagos
Tel: 01-4630479- 80, 4630481
E-mail:services@ng.ey.com

SOLICITORS

Ikeyi Arifayan

BANKERS

First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Access Bank Plc
Diamond Bank Plc
Zenith International bank Plc

Stanbic IBTC Bank Plc
Standard Chartered Bank Plc
United Bank for Africa Plc
First City Monument Bank Plc

REGISTRAR

UBA Registrars

COMPUTER WAREHOUSE GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors have pleasure in presenting to the members of the Computer Warehouse Group (Computer Warehouse Group Limited and its subsidiaries) their report together with the consolidated audited financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Group (or the Group) is the supply, installation, integration, maintenance and support of computer equipment, e-payment hardware and ancillary equipment. There have been no changes in the activities of the Group during the year.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Group's affairs is satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

RESULTS FOR THE YEAR

	The Group 2012 N'000	The Company 2012 N'000
Turnover	18,760,741 =====	18,312,163 =====
Profit before taxation	339,225	444,064
Taxation	-	-
Profit after taxation	339,225 =====	444,064 =====

DIVIDENDS

The directors recommend the payment of dividend of 6 kobo per share for the year ended 31 December 2012 (2011: 5 kobo per share) and 5% of profit after taxation as staff loyalty bonus. The dividend is subject to approval of the shareholders at the Annual General Meeting and withholding tax at the appropriate rate.

FIXED ASSETS

Information relating to movement in fixed assets is shown in Note 14 to the financial statements. In the opinion of the Directors, the market values of the Group's properties are not less than the value shown in these financial statements.

DIRECTORS INTEREST IN CONTRACTS

None of the Directors has notified the Group for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 of any disclosable interest in contracts with which the Group is involved as at 31 December 2012.

COMPUTER WAREHOUSE GROUP LIMITED

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2012

DONATIONS

The Group made a donation of ₦3,947,850 to charitable organization during the year ended 31 December 2012 (2011: ₦1,226,550).

DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Chief Willie Belonwu	Chairman
Austin Okere	Chief Executive Officer
Philip Obioha	Chief Operating Officer
James Agada	Executive
Abiodun Fawunmi	Non Executive
Ravi Sharma	British (Non Executive)

SHARE HOLDINGS AND SUBSTANTIAL INTEREST IN SHARES

The issued and fully paid share capital of the Group as at 31 December 2012 was beneficially owned as follows:

	Number of Shares Holding	%	Nominal Value ₦
Austin Okere	716,680,655	35.83	358,340,328
Philip Obioha	556,748,937	27.84	278,374,469
Abiodun Fawunmi	556,748,937	27.84	278,374,469
James Agada	113,098,737	5.65	56,549,368
Others	56,722,734	2.84	28,361,366
	2,000,000,000	100.00	1,000,000,000
	=====	=====	=====

DIRECTORS' INTERESTS

Directors' interests in the issued share capital of the Company are as disclosed above.

EMPLOYMENT AND EMPLOYEES

1. Employment of disabled Persons

It is the Group's policy that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers. No disabled person was in the employment of the Group as at 31 December 2012.

2. Welfare

The Group is registered with a Health Management Organisation (HMO) - (Medi-plan). Staff, Spouse and 4 children choose a primary health care provider, where cases of illness are referred for treatment.

3. Training

The Group attaches great importance to training and all categories of staff attend courses or seminars as considered necessary by the Group's management.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include, bonus promotions and wages review.

COMPUTER WAREHOUSE GROUP LIMITED

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2012

EVENTS AFTER REPORTING DATE

On the 2nd of January 2013, the holder of a convertible loan stock instrument issued by the Group converted the entire instrument worth US\$10,000,000 into 524,800,659 ordinary shares of the Company and a further 24,700 ordinary shares were also allocated to the staff of Computer Warehouse Group Limited. The new authorised share capital of the Group has been raised to 3,500,000,000 shares as at 6th of March 2013. Also, the group is currently planning on obtaining market listing by introduction in 2013.

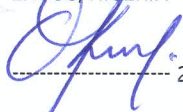
AUDITORS

Ernst & Young have indicated their willingness to continue in office as the Group's auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD

COMPANY SECRETARY

LAGOS, NIGERIA

 2013

31/07/13

FRCN/2013/NBA/00000003272

COMPUTER WAREHOUSE GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2012

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

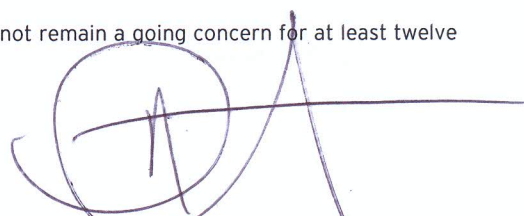
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards issued by International Accounting Standards Board and the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and Financial Reporting Council of Nigeria dated Nov 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.



Director



Director

12 August 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMEBER OF COMPUTER WAREHOUSE GROUP LIMITED

Report on the financial statements

We have audited the financial statements of Computer Warehouse Group Limited, which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

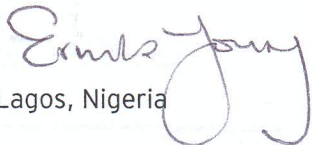
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Computer Warehouse Group Limited as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the Company's statements of financial position and comprehensive income are in agreement with the books of account.


Lagos, Nigeria

FRC/2012/ICAN/00000000138



COMPUTER WAREHOUSE GROUP LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	The Group.		The Company	
		2012 N'000	2011 N'000	2012 N'000	2011 N'000
Revenue	7	18,760,741	14,693,440	18,312,163	994,268
Cost of sales		(15,008,852)	(11,471,704)	(14,646,681)	-
Gross profit		3,751,889	3,221,736	3,665,482	994,268
Other income	8	79,785	342,460	79,782	3,306
Administrative expenses	9	(2,851,403)	(2,495,692)	(2,665,680)	(569,378)
Finance cost	10	(641,046)	(381,808)	(635,520)	(189,236)
		-----	-----	-----	-----
Profit before taxation		339,225	686,696	444,064	238,960
Income tax expense	11	-	(221,574)	-	16,623
		-----	-----	-----	-----
Profit after taxation		339,225	465,122	444,064	255,583
		=====	=====	=====	=====
Other comprehensive income					
Translation of foreign entities		25,554	788	-	-
Available for sale financial assets		1,680	3,315	1,680	-
Income tax relating to other comprehensive income		-	(995)	-	-
		-----	-----	-----	-----
Other comprehensive income net of tax		27,234	3,108	1,680	-
		-----	-----	-----	-----
Total comprehensive income		366,459	468,230	445,744	255,583
		=====	=====	=====	=====
Earnings per share:					
Basic Earnings per share	12	N0.169	N0.233	N 0.222	N 0.128
Diluted earning per share		N 0.171	N0.214	N 0.214	N 0.131

** All subsidiaries are 100% owned by the Group hence all the profits or losses and total comprehensive come belong to the owners of company.

See notes to the financial statements

COMPUTER WAREHOUSE GROUP LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Notes	The Group			The Company		
		31-Dec-12 N'000	31-Dec-11 N'000	01-Jan-11 N'000	31-Dec-12 N'000	31-Dec-11 N'000	01-Jan-11 N'000
NON-CURRENT ASSETS							
Goodwill	13	814,088	814,088	927,156	814,088	-	-
Property, plant & equipment	14	1,355,115	1,424,156	888,237	1,340,468	93,496	19,094
Intangible assets	15	104,032	19,449	20,000	104,032	1,949	-
Investment in subsidiaries	16	-	-	-	30,307	1,270,044	1,240,620
Available for sale financial assets	17	14,837	17,629	16,893	14,837	-	-
		2,288,072	2,275,322	1,852,286	2,303,732	1,365,489	1,259,714
CURRENT ASSETS							
Inventories	18	1,429,299	1,021,792	1,207,175	1,424,052	-	-
Loans and receivables	19	7,309	8,740	6,004	7,001	3,536	3,921
Trade and other receivables	20	5,946,821	5,124,767	4,965,496	6,059,588	3,892,772	2,812,458
Prepayments	21	712,971	1,823,151	1,259,186	709,993	46,869	54,135
Cash & cash equivalents	22	1,084,237	399,952	300,136	1,046,669	25,697	150,285
		9,180,637	8,378,402	7,737,997	9,247,303	3,968,874	3,020,799
TOTAL ASSET		11,468,709	10,653,724	9,590,283	11,551,035	5,334,363	4,280,513
EQUITY							
Share capital	23	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Share premium		410,883	410,883	410,883	410,883	410,883	410,883
Retained earnings		1,356,323	1,206,873	901,751	1,635,904	229,179	133,596
Convertible loan reserve		244,253	244,253	244,253	244,253	244,253	244,253
Available for sale reserve		6,451	4,771	2,451	7,446	-	-
Foreign currency translation reserve		26,342	788	-	-	-	-
		3,044,252	2,867,568	2,559,338	3,298,486	1,884,315	1,788,732
NON CURRENT LIABILITIES							
Interest bearing loans & borrowings	24	-	-	620,000	-	-	620,000
Convertible loan stocks	25	1,460,000	1,366,681	1,290,415	1,460,000	1,366,681	1,290,415
Deferred tax liabilities	11	68,211	68,211	81,615	67,215	29,855	49,630
		1,528,211	1,434,892	1,992,030	1,527,215	1,396,536	1,960,045
CURRENT LIABILITIES							
Trade & other payables	26	3,977,915	3,694,729	3,161,425	3,967,945	1,158,247	227,393
Income tax payable	11	1,174,093	1,188,555	1,462,040	1,174,093	114,515	290,824
Employee benefits	27	114,362	79,811	49,303	114,362	20,492	13,519
Deferred revenue	28	451,930	618,262	287,111	451,930	-	-
Short term loans & borrowings	29	1,177,946	769,907	79,036	1,017,004	760,258	-
		6,896,246	6,351,264	5,038,915	6,725,334	2,053,512	531,736
Total liabilities		8,424,457	7,786,155	7,030,945	8,252,549	3,450,048	2,491,781
Total equity & liabilities		11,468,709	10,653,724	9,590,283	11,551,035	5,334,363	4,280,513

Signature

Name

FRC. No.

Austin Okere (Chief Executive Officer)

FRC/2013/IODN/00000003266

Philip Obioha (Director- Operations)

FRC/2013/IODN/00000003269

Adeyanju Jelili (HOD,Accounts)

FRC/2013/ICAN/00000003668

See notes to the financial statements

COMPUTER WAREHOUSE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - The Group

AS AT 31 DECEMBER 2012

DESCRIPTION	Share Capital N'000	Retained Earnings N'000	Share Premium N'000	Convertible loan reserve N'000	Available for sale reserve N'000	Foreign currency translation reserve N'000	TOTAL N'000
Bal as at 1 Jan 2011	1,000,000	901,752	410,883	244,253	2,451	-	2,559,338
Dividend	-	(160,000)	-	-	-	-	(160,000)
Profit & loss	-	465,122	-	-	-	-	465,122
Other comprehensive income	-	-	-	-	2,320	788	3,108
Bal as at 31 Dec 2011	1,000,000	1,206,874	410,883	244,253	4,771	788	2,867,568
Profit & loss	-	339,225	-	-	-	-	339,225
Other comprehensive income	-	-	-	-	1,680	25,554	27,234
Dividend	-	(189,775)	-	-	-	-	(189,775)
Bal as at 31 Dec 2012	1,000,000	1,356,323	410,883	244,253	6,451	26,342	3,044,252

STATEMENT OF CHANGES IN EQUITY - The Company

DESCRIPTION	Share Capital N'000	Retained Earnings N'000	Share Premium N'000	Convertible loan reserve	Available for sale reserve N'000	Foreign currency translation reserve N'000	TOTAL N'000
Bal as at 1 Jan 2011	1,000,000	133,596	410,883	244,253	-	-	1,788,732
Dividend	-	(160,000)	-	-	-	-	(160,000)
Profit & loss	-	255,583	-	-	-	-	255,583
Bal as at 31 Dec 2011	1,000,000	229,179	410,883	244,253	-	-	1,884,315
Profit & loss	-	444,064	-	-	-	-	444,064
Transfer from divisionalised subsidiaries	-	1,152,436	-	-	5,766	-	1,158,202
Other Comprehensive Income	-	-	-	-	1,680	-	1,680
Dividend	-	(189,775)	-	-	-	-	(189,775)
Bal as at 31 Dec 2012	1,000,000	1,635,904	410,883	244,253	7,446	-	3,298,486

Dividend per share in 2012: 6K (5k in 2011).

See notes to the financial statements

COMPUTER WAREHOUSE GROUP LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

		The Group		The Company	
	Note	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
		N'000	N'000	N'000	N'000
Cash flows from operating activities					
Cash received from customers		18,229,086	13,055,133	17,789,721	1,021,358
		(15,274,677)			
Cash paid to suppliers & employees)	(11,718,060)	(14,492,510)	(729,254)
Net Input /Output VAT		(1,936,444)	(442,267)	(1,936,444)	-
Tax paid		(14,462)	(284,382)	(14,462)	(176,309)
Withholding tax utilised		-	(215,273)	-	-
		-----	-----	-----	-----
Net cash provided by operating activities	22b	1,003,503	1,279,685	1,346,305	115,795
		-----	-----	-----	-----
Cash flows from investing activities					
Purchase of Property, plant & equipment	14	(481,093)	(931,776)	(479,130)	(88,753)
Acquisition of intangible asset	15	(87,771)	(2,064)	(87,771)	(2,064)
Proceeds from sale of equipment		1,000	3,363	1,000	-
Investment in subsidiary		-	-	-	(29,424)
Available for Sale Assets		(357)	(5,997)	-	-
		-----	-----	-----	-----
Net cash utilised in investing activities		(568,221)	(936,474)	(565,901)	(120,241)
		-----	-----	-----	-----
Cash flows from financing activities					
Working capital loan		1,041,867	-	1,028,547	-
Loan repaid		(20,469)	(57,467)	(20,469)	(57,468)
Interest paid		(394,859)	(146,176)	(391,532)	(100,401)
Dividend paid		(189,775)	(160,000)	(189,775)	(160,000)
		-----	-----	-----	-----
Net cash provided / (utilised) by financing activities		436,764	(363,643)	426,771	(317,869)
		-----	-----	-----	-----
Net Increase (decrease) in cash & cash equivalent		872,046	(20,432)	1,207,174	(322,315)
Cash & cash equivalents at 1/1/2012	22	200,668	221,100	(172,028)	150,286
		-----	-----	-----	-----
Cash and cash equivalents at 31/12/2012	22a	1,072,714	200,668	1,035,146	(172,028)
		=====	=====	=====	=====

1. Corporate information

The consolidated financial statements of Computer Warehouse Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on -----.

Computer Warehouse Group Limited (the Company) is a limited liability company incorporated and domiciled in Nigeria. The registered office is located at Octagon Building, 13 A.J. Marinho Drive, Victoria Island, Lagos State in Nigeria.

The Group is principally engaged in the supply, installation, integration, maintenance and support of computer equipment, e-payment hardware and ancillary equipment. There was no change in the nature of business of the Group during the year.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Nigerian generally accepted accounting principles (Nigerian GAAP). These financial statements for the year ended 31 December 2012 are the first the Group has prepared in accordance with IFRS. Note 2.4 [First Time Adoption of IFRS] provides information on the effect of how the Group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial instruments that have been measured at fair value. The consolidated financial statements are also presented in Naira and all values are rounded to the nearest thousand (N000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2012. Subsidiaries are entities controlled by the Group.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its financial statements:

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value on the date of acquisition. All the Group's subsidiaries are wholly owned and therefore the issue of Non-controlling interest does not arise. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the income statement immediately.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.3 Summary of significant accounting policies (Cont)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.3.2 Foreign currencies

The Group's consolidated financial statements are presented in Naira, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception (where applicable) of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.3.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods such as hardware devices and accessories is recognised when the significant risks and rewards of ownership of the items have passed to the buyer, usually on delivery of the items.

Rendering of services

Revenue from the provision of communication services (maintenance, support services, communication and integration, software licenses etc) is recognised by reference to the stage of completion. Stage of completion is measured by reference to data and service usage. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the amount of commission made by the Group.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2.3 Summary of significant accounting policies (Cont)

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.3.4 Taxes

Current income tax

Current income tax and education tax for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.3.5 Property, plant and equipment [PPE]

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the components of each item of property plant and equipment as follows:

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2.3 Summary of significant accounting policies (Cont)

3.5 Property, plant and equipment [PPE] (Cont)

PPE Class	Number of years	PPE Class	Number of years
Buildings	50	Plant & machinery	7-9
Fixtures and fittings	7-9	ATM machines	4-6
Office equipment	7-9	Service option equipment	3-5
Motor vehicles	4-6	Land	Not depreciated

De-recognition of PPE

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Annual Assessments

The residual values, useful lives and methods of depreciation of each item of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

As at 31 December 2012, the Group did not have any indefinite intangible assets.

Licences

Licences represent the cost of an operating licence obtained from the Nigerian Communication Commission (NCC) for a period of 10 years. Upon expiration of the license terms, the Group may renew the licence with NCC. Licence fees are amortised over a period of 10 years.

2.3.7 Financial instruments

The Group recognises financial assets and financial liabilities on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are recognised initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

Financial assets

i: Nature and measurement

The Group's financial assets include Available for sale financial assets, Loans and receivables, Trade and other receivables, and Cash and short-term deposits. After initial measurement, the subsequent measurement of financial assets depends on their classification as follows:

2.3 Summary of significant accounting policies (Cont)

2.3.7 Financial instruments (cont)

Financial Assets -Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance/interest income in the statement of comprehensive income. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables

Trade receivables are recognised initially at fair value as the invoice amount and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The Group deploys age analysis tools to track the payment pattern of customers. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as bad debts in administrative expenses in profit or loss. Subsequent recoveries of amounts previously written off are included as 'Bad debt recoveries' in Other income in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets include equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to profit or loss.

li: De-recognition of Financial assets

The Group derecognizes a financial asset only and only if the Group's contractual rights to the cash flows from the asset expires or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

lii: Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS

2.3 Summary of significant accounting policies (Cont)

2.3.7 Financial instruments (cont)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is recognised as 'Bad debt recoveries' in the statement of comprehensive income.

Available for sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an assets or a group of financial assets is impaired. In the case of equity instruments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Financial liabilities

I: Nature and measurement

The Group's financial liabilities include trade payables and interest bearing loans and borrowings and convertible loan stock. All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification as follows:

Financial Liabilities-Subsequent measurement

Interest bearing loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2.3 Summary of significant accounting policies (Cont)

2.3.7 Financial instruments (cont)

Financial Liabilities-Subsequent measurement

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest.

Convertible loan stocks

At inception, convertible loan stocks are separated into liability and equity components based on the terms of the contract. For the purpose of the separation, the fair value of the liability component is determined on the date of issuance using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds (thus after deducting the fair value of the liability) is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible loan stock based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

li: De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss.

2.3.7.1 Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.7.2 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

2.3.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Purchase cost on a first in, first out basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.3.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic environment.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable,

2.3 Summary of significant accounting policies (Cont)

2.3.9 Impairment of non-financial assets (cont)

willing parties, less the costs of disposal. Impairment losses, if any, are recognised in profit or loss and are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised. For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Goodwill

Goodwill is tested for impairment annually at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.10 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less from the date of acquisition. For the purpose of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.11 Dividend Distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group.

2.3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

2.3.13 Employee Benefits

Employee benefits are all forms of benefits given in exchange for services rendered by employees. These are classified as:

- (a) Short-term employee benefits - benefits due to be settled within 12 months after the end of the period in which the employees rendered the related services;
- (b) Post-employment benefits are benefits payable after the completion of employment. Such plans (or funds) may be either defined contribution funds or defined benefit funds.
- (c) Termination benefits are employee benefits payable as a result of either the Group's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term benefits

The cost of all short-term employee benefits, such as salaries, profit sharing arrangements, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made. During the year the Group contributed to employee benefits in the following categories: - remuneration in the form of salaries, wages and bonuses.

Post-employment Retirement Benefit Funds

In line with statutory pension/retirements laws, the Group and its employees contribute to statutory retirement benefits plans for the benefits of its qualifying employees. The Funds which are defined contribution plans are independently administered with no obligations on the Group other than the defined contribution as a percentage of employees' qualifying remunerations. Both employees' and the Group's share of the contributions are charged as staff cost in the administrative expenses in the profit or loss when the employee renders the service.

Other long-term benefits Other long-term benefits are recognised when an obligation arises. The Group had no other long-term benefit commitments during the year.

Termination benefits

The Group recognises termination benefits as a liability and an expenses when it is demonstrably committed to either:

- (a) terminate the employment of an employee or group of employees before the normal retirement date; or
 - (b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.
- Termination benefits are recognised as expense in the period they arise. The Group had no termination benefit commitments during the year.

2.3 Summary of significant accounting policies (Cont)

2.3.15 Segment reporting

The Group identifies segments as components of the Group that engage in business activities from which revenues are earned and expenses incurred. The segments' operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available. The identification of operating segments is on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The Group has identified the Chief Executive Officer as the chief operating decision maker.

Measurement of segment information

The amount reported for each operating segment is based on the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

2.4. First-time adoption of IFRS

These financial statements, for the year ended 31 December 2012, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Nigerian GAAP.

Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2011, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Nigerian GAAP financial statements, including the statement of financial position as at 1 January 2011 and the financial statements as at and for the year ended 31 December 2011.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- IFRS 3 *Business Combinations* has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS that occurred before 1 January 2011. Use of this exemption means that the local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or de-recognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS and comparative period.

- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2011.
- The Group has designated quoted equity instruments held at 1 January 2011 as available-for-sale assets.
- The assets and liabilities of the subsidiary, CWG Uganda which adopted IFRS before the Group have been measured at the same amounts as in the subsidiary financial statements after adjusting for consolidation and equity accounting adjustments.

Estimates

The estimates at 1 January 2011 and at 31 December, 2011 are consistent with those made for the same dates in accordance with local GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2011, the date of transition to IFRS and as of 31 December 2011.

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Group reconciliation of equity as at 1 January 2011 (date of transition to IFRS)

STATEMENT OF FINANCIAL POSITION	NOTE	Local GAAP N'000	Effect of IFRS adoption N'000	IFRS as at 1 Jan 2011 N'000
NON-CURRENT ASSETS				
Goodwill	A	927,156		927,156
Property, plant & equipment	B	879,160	9,077	888,237
Intangible asset	C	15,000	5,000	20,000
Available for sale financial assets	D	14,280	2,613	16,893
Deferred tax assets		41,598		41,598
		1,877,194	16,690	1,893,884
CURRENT ASSETS				
Inventories		1,207,175	-	1,207,175
Loans and receivables		6,004	-	6,004
Trade and other receivable		4,965,496	-	4,965,496
Prepayments		1,259,186	-	1,259,186
Cash and cash equivalents		300,136	-	300,136
		7,737,997	-	7,737,997
TOTAL ASSET		9,615,191	16,690	9,631,881
EQUITY				
Share capital		1,000,000	-	1,000,000
Share premium		410,883	-	410,883
Retained earnings		991,853	(90,102)	901,751
Convertible loan reserve	H		244,253	244,253
Available for sale reserve	D	-	2,451	2,451
		2,402,736	156,602	2,559,338
NON CURRENT LIABILITIES				
Interest bearing loans & borrowings		620,000	-	620,000
Convertible loan stocks	H	1,480,000	(189,585)	1,290,415
Deferred tax liabilities	F	73,540	49,673	123,213
		2,173,540	(139,912)	2,033,628
CURRENT LIABILITIES				
Trade & other payables		3,161,425	-	3,161,425
Income Tax payable		1,462,040	-	1,462,040
Employee benefit		49,303	-	49,303
Deferred income		287,111	-	287,111
Short term Loans & Borrowings		79,036	-	79,036
		5,038,915	-	5,038,915
Total Liabilities		7,212,455	(139,912)	7,072,543
Total Equity & liabilities		9,615,191	16,690	9,631,881

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Group reconciliation of equity as at 31 December 2011

STATEMENT OF FINANCIAL POSITION	NOTE	Local GAAP N'000	Effect of IFRS adoption N'000	IFRS as at 31 Dec 2011 N'000
NON-CURRENT ASSETS				
Goodwill	A	927,156	(113,068)	814,088
Property, plant & equipment	B	1,412,811	11,345	1,424,156
Intangible assets	C	11,949	7,500	19,449
Available for sale	D	9,167	8,462	17,629
Deferred tax assets		95,058		95,058
		2,456,141	(85,765)	2,370,376
CURRENT ASSETS				
Inventories		1,021,792	-	1,021,792
Loans and receivables		8,740	-	8,740
Trade and other receivable		5,124,767	-	5,124,767
Prepayments		1,823,151	-	1,823,151
Cash and cash equivalents		399,952	-	399,952
		8,378,402	-	8,378,402
TOTAL ASSET		10,834,543	(85,765)	10,748,778
EQUITY				
Share capital		1,000,000	-	1,000,000
Share premium		410,883	-	410,883
Retained earnings		1,496,491	(289,617)	1,206,874
Convertible loan reserve	H		244,253	244,253
Available for sale reserve	D	-	4,771	4,771
Foreign currency translation reserve	G	-	788	788
		2,907,374	(39,805)	2,867,565
NON CURRENT LIABILITIES				
Interest bearing loans and borrowings		-	-	-
Convertible loan stocks	H	1,480,000	(113,319)	1,366,681
Deferred tax liabilities	F	95,906	67,359	163,265
		1,575,906	(45,956)	1,529,946
CURRENT LIABILITIES				
Trade and other payables		3,694,728	-	3,694,728
Income tax payable		1,188,555	-	1,188,555
Employee benefits		79,811	-	79,811
Deferred tax liabilities		618,262	-	618,262
Short term Loans & Borrowings		769,907	-	769,907
		6,351,263	-	6,351,263
Total liabilities		7,927,169	(45,956)	7,881,209
Total equity and liabilities		10,834,543	(85,765)	10,748,778

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Group reconciliation of total comprehensive income for the year ended 31 December 2011

	Notes	Local GAAP 2011 N'000	Effect of IFRS adoption N'000	IFRS 2011 N'000
Revenue		14,693,440	-	14,693,440
Cost of sales		(11,471,704)	-	(11,471,704)
Gross profit		3,221,736	-	3,221,736
Other income		342,460	-	342,460
Administrative Expense	B,C,D	(2,514,540)	18,848	(2,495,692)
Finance cost	H	(305,541)	(76,267)	(381,808)
Profit before taxation		744,115	(57,419)	686,696
Taxation	F	(204,879)	(16,695)	(221,574)
Profit after taxation		<u>539,236</u>	<u>(74,114)</u>	<u>465,122</u>
Other comprehensive income				
Available for sale financial assets	D	-	3,315	3,315
Translation of foreign entities	G	-	787	787
Income tax relating to other comprehensive income		-	(995)	(995)
Total other comprehensive income		-	3,107	3,107
Total comprehensive income		<u>539,236</u>	<u>(71,007)</u>	<u>468,229</u>

Notes to the reconciliation of equity as at 1 January 2011 and 31 December 2011 and total comprehensive income for the year ended 31 December 2011:

A. Goodwill

Under the local GAAP, the Group did not perform impairment on goodwill. Under IFRS goodwill is expected to be tested for impairment annually. Goodwill was not impaired on 1 January 2011 but at 31 December 2011 goodwill was impaired and an adjustment of ₦ 133,068,000 was charged to profit or loss.

B. Depreciation of property, plant and equipment

IFRS 1 permits the re-assessments of estimates made under Local GAAP to the extent that these were made in error. A re-assessment was performed on the residual value of motor vehicle and also the separation of land and building resulted in a net adjustment of ₦ 9,078,000 in 1 January 2011 and ₦ 11,344,000 in December 2011. The adjustments have been recognised in retained earnings and profit or loss at the date of transition and comparative period respectively.

C. Amortisation of intangible assets

IFRS 1 permits the re-assessments of estimates made under local GAAP to the extent that these were made in error. A re-assessment was therefore performed on the communications licence and was effected as at the transition date to IFRS which resulted in an increase of ₦ 5,000,000 (31 December 2011: ₦ 2,500,000) recognised in intangible assets net of accumulated amortisation. The adjustments have been recognised in retained earnings and profit or loss at the date of transition and comparative period respectively.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the reconciliation of equity as at 1 January 2011 and 31 December 2011 and total comprehensive income for the year ended 31 December 2011: (Cont)

D. Available-for-sale financial assets

Under the local GAAP, the Group accounted for investments in quoted equity shares as financial instruments measured at market value less diminution in value. Under IFRS, the Group has designated such investments as available-for-sale investments. IFRS requires available-for-sale investments to be measured at fair value and thus account for impairment when a significant or prolonged decline in the fair value of an investment is identified. On the date of transition the available-for-sale investments were measured at fair value. The adjustment of ₦2,612,000 (1 Jan 2011) and ₦8,462,000 (Dec 2011) are in respect of fair value re-measurement.

F. Deferred tax

The various transitional adjustments created temporary differences. According to the accounting policies in Note 2.3.4 the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity except during tax holiday period and in which period adjustments are not made for deferred taxes.

G. Foreign currency translation reserve

Under the Nigeria GAAP, the Group recognised translation differences on foreign operations in the income statement. Upon adoption of IFRS, the Group is required to recognise these translation differences in a separate component of equity. The resulting adjustments were recognised against retained earnings and profit or loss on the date of transition and in the comparative periods respectively.

H. Convertible loan stock

Prior to the adoption of IFRS, the Group accounted for its convertible loans as financial liability and measured it at cost using the nominal interest rate. Under IFRS, the convertible loan was classified as a compound financial instrument and consequently separated into its equity and liability components. Adjustment H (₦244,253,000) represents the equity component (residual) after the liability component was determined as fair value of similar loans without conversion option. Other H adjustments represent additional finance costs which have to be booked due to the application of effective interest rate on the liability component of the instrument.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Re-assessment of useful lives and residual values

The Group carries its fixed assets at cost in the statement of financial position. The annual review of the useful lives and residual value of PPE result in the use of significant management judgements.

Impairment of non-current assets

The Group subjects a number of its assets to impairment reviews annually. Key inputs into these calculations include estimates of cash flow amount and timing, cash generating unit, discounting factors, which involve the use of significant amount of management judgement.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting judgements, estimates and assumptions (Cont)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 13.

4. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements that are applicable to the entity are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets, to simple clarifications and rewording. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Group

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

NOTES TO THE FINANCIAL STATEMENTS

4. Standards issued but not yet effective (Cont)

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. These amendments are not expected to impact the Group's financial position or performance and the standard becomes effective for annual periods beginning on or after 1 January 2013, and is to be applied retrospectively for joint arrangements held at the date of initial application.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

5. Group restructuring

On 6 March 2012, following the resolutions of directors and shareholders of CWL Systems Limited, DCC Networks Limited, Expertedge Software Limited, Anas Limited and Computer Warehouse Group Limited, and an order of the Federal High Court given on the same date, the three subsidiaries were absorbed into the operations of the Company as divisions and therefore the operations, assets and liabilities of these subsidiaries were transferred to the Company Computer Warehouse Group Limited. The restructuring by the order of the federal high court did not result in disposal of interest.

6. Segment information

For management purposes, the Group is organised into business units based on their products and services. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- The Hardware segment, which supplies, installs and supports Computer hardware, operating and middle ware systems, Automated Teller Machines "ATM" etc.
- The Software segment, which provides services in software development and deployment, systems analysis, design and implementation and smartcard applications. The segment also provides training to their clients on the systems offered and other off-the-shelf packages.
- The Network and communications equipment segment, which specializes in VSAT and Fibre Connectivity, Metropolitan Area Networks, Wide Area Networks, Local Area Networks, and Systems Integration and provides provision of network communications support to clients.
- The Managed and support service segment provides internal and external clients managed /outsourcing services and provides related accessories for equipment and service maintenance.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. However, financing (including finance costs and finance income) income taxes and assets and liabilities are managed on a group basis and are not allocated to operating segments. There are no transfers between the operating segments hence there are no transfer prices set for any transactions that may arise. The segments managers are assessed based on the performance on sales and cost of sales. They do not have control over the assets and liabilities. Segments results are as shown below:

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Segment results

	Hardware N'000	Managed & Support services N'000	Communications & Integrated N'000	Software N'000	Total N'000
2012					
Revenue	10,541,378	5,738,206	555,805	1,925,352	18,760,741
Cost of sales	(9,320,762)	(3,728,815)	(427,059)	(1,532,217)	(15,008,852)
	-----	-----	-----	-----	-----
Gross Profit	1,220,616	2,009,391	128,746	393,135	3,751,889
	=====	=====	=====	=====	=====
2011					
Revenue	6,851,868	5,251,536	648,624	1,941,412	14,693,440
Cost of sales	(5,718,107)	(3,784,331)	(444,459)	(1,524,807)	(11,471,704)
	-----	-----	-----	-----	-----
Gross Profit	1,133,761	1,467,205	204,165	416,605	3,221,736
	=====	=====	=====	=====	=====

Operating assets and liabilities are controlled at group level and information on this is not readily available as they are not considered by the chief operating decision maker in resource allocation decisions.

Geographical Information

Revenue

	2012 N'000	2011 N'000
Nigeria	18,312,163	14,182,936
Ghana	365,961	432,624
Uganda	82,617	77,880
	-----	-----
Total	18,760,741	14,693,440
	=====	=====

7. Revenue

Revenue is made up of:

	The Group		The Company	
	2012 N'000	2011 N'000	2012 N'000	2011 N'000
Technical service	-	-	-	497,134
Management fee	-	-	-	497,134
Sale of Hardware	10,541,378	5,812,041	12,805,390	-
Maintenance	3,490,022	4,069,396	-	-
Communication & integration	555,805	648,624	-	-
Support & services	2,248,184	2,222,267	5,506,773	-
Software licenses	1,925,352	1,941,112	-	-
	-----	-----	-----	-----
	18,760,741	14,693,440	18,312,163	994,268
	=====	=====	=====	=====
Sales & Services	18,760,741	14,693,440	18,312,163	994,268
Interest income	67,588	10,847	67,588	752
	-----	-----	-----	-----
Total Revenue	18,828,329	14,704,287	18,379,751	995,020
	=====	=====	=====	=====

The revenue of N994,268,000 presented in the Company in 2011 was an inter-company transactions completed on behalf of the subsidiaries, this has been netted off at the group level.

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 Other income

	The Group		The Company	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Other income	12,194	228,308	12,194	-
Bad debt recovered	-	57,193	-	-
Profit on disposal of property, plant & equipment	-	1,890	-	-
Exchange difference	3	44,222	-	2,554
Interest income	67,588	10,847	67,588	752
	-----	-----	-----	-----
	79,785	342,460	79,782	3,306
	=====	=====	=====	=====

9 Administrative expenses

	The Group		The Company	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Depreciation	541,543	394,052	535,371	14,352
Amortisation	3,188	2,615	3,188	115
Salaries and allowances	1,457,999	966,346	1,114,575	151,933
Pension	49,980	47,150	49,980	10,711
Transport and travelling	111,301	177,072	77,557	41,656
Welfare and professional fees	184,484	168,328	251,225	81,357
Insurance	54,356	34,986	45,538	29,058
Rents	110,573	90,122	89,870	25,361
Repairs and maintenance	127,420	138,511	52,378	20,047
Others	210,559	776,510	445,998	194,788
	-----	-----	-----	-----
	2,851,403	2,495,692	2,665,680	569,378
	=====	=====	=====	=====

10 Finance cost

	The Group		The Company	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Bank charges	156,194	155,755	150,668	12,569
Interest on loans	484,852	226,053	484,852	176,667
	-----	-----	-----	-----
	641,046	381,808	635,520	189,236
	=====	=====	=====	=====

11. Income tax

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

	The Group		The Company	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Taxation				
Consolidated income statement				
Current income tax:				
Current Income tax charge	-	206,405	-	-
Education tax	-	19,765	-	-
IT development levy	-	9,803	-	3,152
		235,973		3,152
Deferred tax	-	(14,399)	-	(19,995)
Income tax expense reported in the income statement	-	221,574	-	16,623
Consolidated statement of comprehensive income				
Net exchange gain/(loss) on translation of foreign operations	-	995	-	-
Income tax charged directly to other comprehensive income	-	995	-	-

The Group was granted a tax exemption (tax holiday) certificate by the Federal Inland revenue services for a period of 5 years commencing in 2012 hence there is no taxation in the current period. A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2012 and 2011 is as follows:

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. Taxation (Cont)

	The Group			The Company		
	2012	2011		2012	2011	
	N'000	N'000		N'000	N'000	
Reconciliation of tax charge						
Profit before tax charge	339,225	686,696		444,064	238,960	
Tax at Nigeria statutory income tax of 30%	-	206,009		-	71,688	
Disallowable expenses	-	10,257		-	-	
Income exempted from tax	-	(236)		-	-	
Impact of capital allowance	-	(24,903)		-	(58,217)	
Effect of education tax	-	20,536		-	-	
Effect of IT development levy	-	9,991		-	3152	
Effective tax rate	-	221,574		-	16,623	

Income tax: Statement of financial position

	The Group			The Company		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 Jan	1,188,555	1,462,040	1,075,045	114,515	290,824	176,309
Income tax	-	206,405	372,437	1,059,078	-	107,284
Education tax	-	(19,765)	32,978	-	-	7,231
Tax paid	(14,462)	(284,382)	(18,420)	-	(176,309)	-
Withholding tax utilised	-	(215,513)	-	-	-	-
At 31 December	1,174,093	1,188,555	1,462,040	1,174,093	114,515	290,824

Deferred tax

Deferred tax relates to the following:

	The Group			The Company		
	2012	2011	1 January 2011	2012	2011	1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Deferred Taxation - Liabilities						
Property, plant & equipment	-	21,526	40,766	-	7,334	4,229
Available for sale assets	-	809	48	-	-	-
Transfer from subsidiary	-	-	-	44,694	-	-
Convertible loan stock	-	43,886	36,166	22,281	22,281	45,401
Total	68,211	67,216	81,615	67,215	29,855	49,630
Other comprehensive income	-	995	-	-	-	-
Total Deferred tax liabilities	68,211	68,211	81,615	67,215	29,855	49,630

The deferred tax asset was not raised given the 5 years tax exemption received causing the Company not to be able to recover the deferred taxation asset within the next five years with sufficient taxable profits. The deferred tax assets would have been N170m for the 2012 reporting year if the Group had reported under the local GAAP.

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2012 N'000	2011 N'000
Net profit attributable to ordinary equity holders of the parent for basic earnings	339,225	465,122
Interest on convertible loan stock	93,319	76,266
Net profit attributable for ordinary shareholders of the parent adjusted for the effect of dilution	432,544 =====	541,388 =====

	2012 Thousands	2011 Thousands
Weighted average number of ordinary shares for Basic and diluted earnings per share	2,000,000 =====	2,000,000 =====
Weighted average number of ordinary shares For diluted earnings per share	2,524,000	2,524,000
Basic earnings per share	0.169	0.233
Diluted earnings per share	0.171	0.214

13. Goodwill

Goodwill acquired through business combinations has been allocated to two CGUs, which are also operating and reportable segments, for impairment testing as follows:

- 1] Software CGU 2] Hardware CGU

Carrying amount of goodwill and licences allocated to each of the CGUs:

	2012 N'000	2011 N'000	At 1 January 2011 N'000
Software CGU	76,717	76,717	189,785
Hardware CGU	737,371	737,371	737,371
	814,088 =====	814,088 =====	927,156 =====

Software CGU

The recoverable amount of software Cash generating unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5 years period. Unless indicated the value in use in December 2011 was determined in similar way as 1 January 2011.

The calculation of value in use was based on the following key assumptions:

Cash flow was projected based on past experience, actual operating results and a 5- year operating cash-flow in both 2011 and 2012.

Revenue growth rate

The revenue growth rate was based on 16%(2011), 4%(2012), 4%(2013), 4%(2014) and 4%(2015). The anticipated annual revenue growth included in the cash flow projections for the years 2011-2015 has been based on growth rate in the three years prior to 2010 with an expectation of a recovery in the economy at the end of 2011.

Pre-tax discount rate

The pre-tax discount rate of 17.5% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on past experience and industry weighted average cost of capital which was based on the incremental borrowing rate.

Gross/Cost margin

The Gross margin was projected as 30% in 2011,35% in 2012 and 32% in 2013-2015 while the cost margin was estimated as 70% in 2011,65% in 2012 and 68% in 2013-2015.

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As result of this analysis, the management has recognized an impairment charge of ₦ 113,068 against administrative expenses in 2011.

Hardware CGU

The recoverable amount of hardware CGU generating unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5 years period. Unless indicated the value in use in December 2011 was determined similarly to as in 1 January 2011. The calculation of value in use was based on the following key assumptions:

Cash flow was projected based on past experience, actual operating results and a 5- year operating plan in both 2011 and 2012.

Revenue growth rate

The revenue growth rate was based on 12%(2011), 32%(2012), 5%(2013), 5%(2014) and 5%(2015). The anticipated annual revenue growth included in the cash flow projections for the years 2011-2015 has been based on growth rate in the three years prior to 2010 with an expectation of a recovery in the economy at the end of 2012.

Pre-tax discount rate

The pre-tax discount rate of 17.5% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on past experience and industry weighted average cost of capital which was based on the incremental borrowing rate.

Gross/Cost Margins

The Gross margin was projected as 20% in 2011, 22% in 2012 and 21% in 2013-2015 while the cost margin was estimated as 73% in 2011, 78% in 2012 and 79% in 2013-2015.

A result of this analysis, there was no impairment charged for Hardware CGU in 2011 and 2012.

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant & equipment - The Group

	Land N'000	Building N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Loose tools N'000	Service Option Equipment N'000	Comm equipment N'000	Total N'000
Cost										
At 1 January 2011	110,795	60,244	67,773	68,622	118,687	232,605	22,403	1,389,272	538,537	2,608,938
Additions	-	-	38,417	5,765	79,005	58,659	1,221	363,003	385,706	931,776
Disposals	-	-	(11,661)	-	-	(8,983)	-	-	-	(20,644)
At 31 December 2011	110,795	60,244	94,529	74,387	197,692	282,281	23,624	1,752,275	924,243	3,520,070
Additions	-	-	3,465	1,817	16,146	16,898	1,207	331,151	110,408	481,092
Disposals	-	-	(14,246)	(411)	(1,622)	(1,623)	-	-	478	(13,768)
Exchange difference	-	-	-	-	-	-	-	-	(1,173)	(4,829)
At 31 December 2012	110,795	60,244	83,728	75,793	212,216	297,556	24,831	2,083,426	1,033,956	3,982,565
Depreciation										
At 1 January 2011	-	11,884	40,626	46,221	75,571	159,842	11,244	961,356	413,938	1,720,701
Charge for the year	-	3,421	9,948	6,702	19,066	30,207	3,194	239,589	81,924	394,051
Disposals	-	-	(10,188)	-	-	(8,650)	-	-	-	(18,838)
At 31 December 2011	-	15,305	40,386	52,923	94,637	181,418	14,438	1,200,945	495,862	2,095,914
Charge for the year	-	1,206	15,599	10,562	33,310	34,447	4,423	295,620	146,374	541,541
Disposals	-	-	(7,143)	(124)	(1,097)	(1,048)	-	-	(593)	(7,143)
Exchange difference	-	-	-	-	-	-	-	-	-	(2,862)
At 31 December 2012	-	16,511	48,842	63,361	126,850	214,798	18,861	1,496,565	641,643	2,627,450
Net book Value										
At 31 December 2011	110,795	43,733	34,906	12,432	85,366	82,739	5,970	586,861	392,313	1,355,115
At 31 December 2012	110,795	44,939	54,143	21,464	103,055	100,863	9,186	551,330	428,381	1,424,156
At 1 January 2011	110,795	48,360	27,147	22,401	43,116	72,774	11,159	427,916	124,600	888,237

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant & equipment – The Company

	Land N'000	Building N'000	Plant & Machinery N'000	Furniture & Fittings N'000	Office Equipment N'000	Motor Vehicles N'000	Loose tools N'000	Service Option Equipment N'000	Comm.s equipment N'000	Total N'000
Cost										
At 1 January 2011	-	-	-	1,825	2,674	15,010	-	-	2,622	22,131
Additions	-	-	-	622	43,828	42,719	-	-	1,584	88,753
At 31 December 2011	-	-	-	2,447	46,502	57,729	-	-	4,206	110,884
Transfer from subsidiaries	110,795	60,244	94,509	67,809	140,203	212,547	23,624	1,752,275	908,228	3,370,234
Additions	-	-	3,465	702	15,299	16,898	1,207	331,151	110,408	479,130
Disposals	-	-	(14,246)	-	-	-	-	-	-	(14,246)
At 31 December 2012	110,795	60,244	83,728	70,958	202,004	287,174	24,831	2,083,426	1,022,842	3,946,002
Depreciation										
At 1 January 2011	-	-	-	130	305	2,001	-	-	601	3,037
Charge for the year	-	-	-	208	6,818	6,670	-	-	656	14,352
At 31 December 2011	-	-	-	338	7,123	8,671	-	-	1,257	17,389
Transfer from subsidiaries	-	3,421	40,386	51,713	80,588	176,779	14,438	1,200,945	490,447	2,059,919
Charge for the year	-	2,408	15,599	10,243	32,475	32,372	4,423	295,619	143,432	535,371
Disposals	-	-	(7,143)	-	-	-	-	-	-	(7,143)
At 31 December 2012	-	5,829	48,842	62,632	127,309	226,493	18,861	1,496,564	636,393	2,605,536
Net book Value										
At 31 December 2012	110,795	54,415	34,886	8,664	81,818	69,352	5,970	586,862	387,706	1,340,468
At 31 December 2011	-	-	-	2,109	39,379	49,058	-	-	2,949	93,496
At 1 January 2011	-	-	-	1,695	2,369	13,009	-	-	2,021	19,094

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15. Intangible Assets

	The Group			The Company		
	Total N'000	Licence N'000	Software N'000	Software N'000	Licences N'000	Total N'000
Cost						
At 1 January 2011	25,000	25,000	-	-	-	-
Additions	2,064	-	2,064	2,064	-	-
At 31 December 2011	27,064	25,000	2,064	2,064	-	-
Transfer from subsidiaries					25,000	-
Additions	87,771	-	87,771	87,771	-	-
At 31 December 2012	114,835	25,000	89,835	89,835	25,000	114,835
Amortisation						
At 1 January 2011	5,000	5,000	-	-	-	-
Amortisation charge for the year	2,615	2,500	115	115	-	-
At 31 December 2011	7,615	7,500	115	-	-	-
Transfer from subsidiaries	-	-	-	-	7,500	-
Amortisation charge for the year	3,188	2,500	688	6,88	2,500	3,188
Disposals	-	-	-	-	-	-
At 31 December 2012	10,803	10,000	803	803	10,000	10,803
Net book Value						
At 31 December 2012	104,032	15,000	89,032	89,032	15,000	104,032
	=====	=====	=====	=====		
At 31 December 2011	19,449	17,500	1,949	1,949	-	1,949
	=====	=====	=====	=====		
At 1 January 2011	20,000	20,000	-	-	-	-
	=====	=====	=====	=====		

The intangible assets are in respect of software and an operating licence which was granted for a minimum of 10 years by the relevant government agency, the Nigerian Communication Commission. The licences have been acquired with the option to renew at the end of the period at little or no cost to the Group. The remaining useful life of the licence as at 31 December 2012 is 5 years. The software is deemed to have a finite useful life and it thus amortised over a period of 5 years. As at 31 December 2012, these assets were tested for impairment and no indicators of impairment were identified.

16. Investment in subsidiaries - The Company

	2012 N'000	2011 N'000	At 1 January 2011 N'000
CWL Systems Limited	-	569,498	569,498
DCC Networks Limited	-	244,807	244,807
Expertedge Software Limited	-	415,628	415,628
ANAS Limited	-	10,687	10,687
CWG Ghana	883	-	-
CWG Uganda	29,424	29,424	-
	-----	-----	-----
	30,307	1,270,044	1,240,620
	=====	=====	=====

The three divisions namely: CWL systems Limited, DCC Networks Limited, Expertedge Software Limited and ANAS Limited were absorbed into the Company Computer Warehouse Group Limited in 2012 as a division.

17. Available for sale financial asset

	2012 N'000	2011 N'000	At 1 January 2011 N'000
Quoted equity shares	14,837	17,629	16,893
	=====	=====	=====

Based on these criteria, the Company identified an impairment of ₦ 3,288,192 (2011: ₦ 13,627,000) on available-for-sale investments - quoted equity securities. The impairment on available-for-sale financial investments is recognised within administrative costs in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

17.2 Fair values

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2012, the Group held the following financial instruments carried at fair value on the statement of financial position:

	31 December 2012 N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Assets measured at fair value				
Available-for-sale financial assets:				
Quoted equity	14,837	14,837	-	-

18. Inventories

	The Group			The Company		
	2012 N'000	2011 N'000	At 1 January 2011 N'000	2012 N'000	2011 N'000	At 1 January 2011 N'000
Automated Teller machines	906,567	61,077	437,605	901,320	-	-
Computer systems/work in progress	476,562	45,367	129,017	476,562	-	-
Accessories	-	771,656	640,553	-	-	-
Goods-in-transit	105,253	143,692	-	105,253	-	-
	1,488,382	1,021,792	1,207,175	1,483,135	-	-
Inventory impairment	(59,083)	-	-	(59,083)	-	-
Total inventories at the lower of cost and net realisable value	1,429,299	1,021,792	1,207,175	1,424,052	-	-

19. Loans & receivables

	The Group			The Company		
	2012 N'000	2011 N'000	At 1 January 2011 N'000	2012 N'000	2011 N'000	At 1 January 2011 N'000
Staff advances	7,309	8,740	6,004	7,001	3,536	3,921

The staff advances are in respect of short-term advances granted to employees of the Group. The advances are expected to be received within one year. The carrying value of these items approximates their fair values.

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20. Trade and other receivables

	The Group			The Company		
	2012 N'000	2011 N'000	At 1 January 2011 N'000	2012 N'000	2011 N'000	At 1 January 2011 N'000
Trade receivable	2,159,017	2,286,922	2,108,074	2,066,096	-	-
Other receivables	945,211	393,414	2,323,764	897,533	12,923	12,564
Inter-company receivables	-	-	-	269,577	3,878,250	2,799,681
WHT Receivables	2,985,615	2,628,465	502,496	2,969,404	1,599	213
Contract Work In Progress	-	38,163	270,719	-	-	-
Impairment allowance [20.A]	(143,022)	(222,197)	(239,557)	(143,022)	-	-
	-----	-----	-----	-----	-----	-----
	5,946,821	5,124,767	4,965,496	6,059,588	3,892,772	2,812,458
	=====	=====	=====	=====	=====	=====

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The carrying value of these items approximates their fair value.

As at 31 December 2012, trade receivables of an initial value of N 143,022,000 (2011: N 222,197,000 1 January 2011: N 239,557,000) were impaired and fully provided for. See Note 20.a below for the movements in the provision for impairment of receivables:

20.A Allowances for Impairment Account	Individually impaired N'000	Total N'000
At 1 January 2011	239,557	239,557
Unused amounts reversed	(17,360)	(17,360)
31 December 2011	222,197	222,197
	-----	-----
Charge for the year	95,431	95,431
Unused amounts reversed	(174,606)	(174,606)
	-----	-----
31 December 2012	143,022	143,022
	=====	=====

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total N'000	Neither past due nor impaired Current N'000	Past due but not impaired		
			>30 days N'000	>60 days N'000	>90 days N'000
31 December 2012	2,159,017	1,034,788	259,985	209,595	654,649
31 December 2011	2,286,922	800,778	578,818	130,515	776,811
At 1 January 2011	2,108,074	1,384,020	308,234	87,828	327,992

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21. Prepayments

	The Group			The Company		
	2012	2011	At 1 January 2011	2012	2011	At 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Prepaid Project cost	400,313	1,328,097	647,400	400,313		
Other prepayments (21.1)	312,658	495,054	611,786	309,680	46,869	54,135
	712,971	1,823,151	1,259,186	709,993	46,869	54,135
	=====	=====	=====	=====	=====	=====

Included in Other prepayment is the Group's commitment in a non cancellable operating lease and can be presented as follows:

21.1	The Group			The Company		
	2012	2011	At 1 January 2011	2012	2011	At 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Non-cancellable operating lease which expire						
Less than one year	65,850	3,552	18,669	65,850	3,552	18,669
Between one and five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
Total operating lease	65,850	3,552	18,669	65,850	3,552	18,669
	=====	=====	=====	=====	=====	=====

22a. Cash and cash equivalents

	The Group			The Company		
	2012	2011	At 1 January 2011	2012	2011	At 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Bank	1,083,410	398,713	299,331	1,046,097	25,612	150,161
Cash	827	1,239	805	572	85	124
	1,084,237	399,952	300,136	1,046,669	25,697	150,285
	=====	=====	=====	=====	=====	=====
Bank overdrafts	(11,523)	(199,284)	(79,036)	(11,523)	(197,725)	-
Net cash and cash equivalents used in the Statement of Cash Flows	1,072,714	200,668	221,100	1,035,146	(172,028)	150,285
	=====	=====	=====	=====	=====	=====

Cash at banks earn interest at floating rates on daily bank deposit rates. The bank overdrafts are unsecured and accrue interest at the prevailing market interest rate from time to time.

22b.

Reconciliation of Net Profit after taxation to Net cash provided by Operating activities

	The Group		The Company	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Profit after tax	339,225	465,122	444,064	255,583
Adjustment to reconcile net cash provided				
Depreciation	541,543	394,052	535,371	14,352
Interest paid	394,859	146,176	391,532	100,401
loss/ (gain) on disposal of property plant and equipment	6,100	(1,890)	6,100	(1,890)
Changes in assets and liabilities:				
(increase)/ Decrease in Inventory	(407,507)	185,383	(1,424,052)	-
(increase)/ Decrease in trade and other receivables	(822,054)	(159,271)	(216,816)	(1,080,314)
Decrease/(increase in prepayments	812,962	(563,965)	(663,125)	7,266

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Decrease/(increase) in loans and receivables	1,431	(2,736)	(3,465)	385
Increase in trade and other payables	283,187	728,640	2,458,441	985,568
(Decrease)/increase in Deferred Income	(166,332)	331,151	256,746	-
Increase in Employee benefit	34,551	30,508	451,930	6,973
(Decrease)/increase in taxation	(14,462)	(273,485)	1,059,578	(176,309)
	-----	-----	-----	-----
	664,278	814,563	902,241	(139,788)
	-----	-----	-----	-----
	1,003,503	1,279,685	1,346,305	115,795
	=====	=====	=====	=====

23. Share capital

	2012	2011	1 January, 2010
	N000	N000	N000
Authorised and issued fully paid shares	1,000,000	1,000,000	1,000,000
2,000,000 ordinary shares of 50kobo each.			
At 1 January 2011	1,000,000	1,000,000	1,000,000
At 31 December 2012	1,000,000	1,000,000	1,000,000

Nature and Purpose of Reserves.

Retained Earnings

The Group's retained earnings reserve comprises Group's retained earnings, net of distribution made to equity holders.

Share Premium

The share premium are excess amount received over and above the par value of the shares. They form part of the non-distributable reserves of the Company which can be used only for the purposes specified under Companies and Allied Matters Act ,CAP C20,LFN 2004.

Convertible Loan Reserve

The convertible Loan Reserve contains the equity component of the issued convertible shares. The Liability component is reflected in financial liabilities.

Available for Sale Reserve.

The available for sale reserve comprises the cumulative net change in the fair value of the Groups available for sale investments.

Foreign Currency Translation Reserve

The translation reserve comprises all currency exchange differences arising from the translation of the financial statements of non-Naira denominated operations into the presentation currency of the Group.

24. Interest bearing loans & borrowings	The Group			The Company		
	2012	2011	1 Jan, 2011	2012	2011	1 Jan, 2011
	N000	N000	N000	N000	N000	N000
Interest bearing loans & borrowings	-	-	620,000	-	-	620,000
	====	====	=====	==	====	=====

25. Convertible loan stock	The Group			The Company		
	2012	2011	1 Jan, 2011	2012	2011	1 Jan, 2011
	N000	N000	N000	N000	N000	N000
Convertible loan stocks	1,460,000	1,366,681	1,290,415	1,460,000	1,366,681	1,290,415
	=====	=====	=====	==	====	=====

NOTES TO THE FINANCIAL STATEMENTS

Convertible loan stock

This is an unsecured zero coupon redeemable convertible foreign currency loan stock of US\$10,000,000 (at a locked in rate of US\$1:N146 for the purpose of conversion). The convertible loan stock was issued by the Company for the purpose of expanding its business activities in the areas of outsourcing and managed services; provision of satellite infrastructure; research and developments; electronic payment services and improvement of working capital requirements. The loan attracts an annual payment at the higher of a coupon rate of 6.1111% and the dividend yield paid on dividends paid to ordinary shareholders. The full amount of the loan is redeemable at the end of the 5 year tenure of the loan stock or convertible into ordinary shares anytime between the third (3rd) and fifth (5th) anniversary of the loan. The loan stock is convertible into fully paid up ordinary shares at an exercise price of N3.40 at the option of the holder. If the Group defaults on payment, the loan stock will be charged interest at the prevailing market rate and any unredeemed portion of the loan will be payable at 2.5 times up to a maximum of USD10,000,000. The loan was treated as a compound financial instrument as it has predetermined conversion amount and number of shares at the signature date. The Company has not breached any of these loan covenants and committed to conversion. See Note 36 on event after reporting date.

26. Trade and other payables

	The Group			The Company		
	2012	2011	At 1 January 2011	2012	2011	At 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	1,277,519	1,597,791	1,328,064	1,149,937	6,656	9,645
Other payables	1,976,147	1,382,776	893,686	2,110,124	41,973	9,481
Development Levy	36,681	38,295	19,552	36,681	6,717	9,057
InterCompany Payables					904,420	
Accruals	687,568	675,867	920,123	671,203	198,482	199,210
	-----	-----	-----	-----	-----	-----
	3,977,915	3,694,729	3,161,425	3,967,945	1,158,247	227,393
	=====	=====	=====	=====	=====	=====

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months
- Interest payable is normally settled quarterly throughout the financial year

For explanations on the Group's credit risk management processes, refer to Note.

27. Employee benefit

This is a defined contribution scheme promulgated under Pension Reform Act of 2004. The Group's obligation under the scheme is limited to specific contributions legislated from time to time. As such, the unpaid balance relates to amounts that were payable at the end of the relevant reporting periods.

	The Company			The Group		
	2012	2011	At 1 January 2011	2012	2011	At 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
Pension	114,362	79,811	49,303	114,362	20,492	13,519
	=====	=====	=====	=====	=====	=====

28. Deferred revenue

	The Company			The Group		
	2012	2011	At 1 January 2011	2012	2011	At 1 January 2011
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	618,262	287,111	574,773	-	-	-
Transfer from subsidiaries	-	-	-	618,262	-	-
Deferred during the year	451,930	618,262	287,111	451,930	-	-
Released to the income statement	(618,262)	(287,111)	(574,773)	(618,262)	-	-
	-----	-----	-----	-----	-----	-----
At 31 December	451,930	618,262	287,111	451,930	-	-
	=====	=====	=====	=====	=====	=====

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

The deferred revenue represents revenue received in advance in respect of long term service contract. Deferred revenue is subsequently recognised in the period that the service is delivered.

29. Short-term loans and borrowings

	The Group At 1 January 2011 N'000			The Company At 1 January 2011 N'000		
	2012 N'000	2011 N'000	2011 N'000	2012 N'000	2011 N'000	2011 N'000
Short-term loans	1,166,423	570,623	-	1,005,481	562,533	-
Bank overdraft	11,523	199,284	79,036	11,523	197,725	-
	-----	-----	-----	-----	-----	-----
	1,177,946	769,907	79,036	1,017,004	760,258	-
	=====	=====	=====	=====	=====	=====

30. Related party disclosures

The financial statements include the financial statements of the Group and the subsidiaries listed in the following table:

Name	Country incorporation	of 2012	% equity interest 2011	As at 1 January 2011
CWG Ghana Limited	Ghana		100	100
CWG (Uganda) Limited	Uganda		100	100
Expert Edge Limited	Nigeria		-	100
DCC Networks Limited	Nigeria		-	100
CWL Systems Limited	Nigeria		-	100
ANAS Limited	Nigeria		-	100

As at 6 March 2012, the subsidiaries with nil percentage holding were divisionalised into the main CWG Limited Company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 31 December 2012 and 2011, 1 January 2011, refer to note).

	2012 N'000	2011 N'000	1 Jan 2011 N'000
Due to related parties			
Expertedge Limited-	-	1,041,031	760,235
Computer Warehouse Limited	-	2,845,075	2,599,285
DCC Network Limited	-	880,455	711,206
Computer Warehouse Group	269,577	904,420	-
Computer Warehouse Uganda	-	78,690	-
Due from related parties			
Expertedge Limited	-	1,526,129	1,108,861
Computer Warehouse Limited	-	240,667	2,599,285
DCC Network Limited	-	118,596	300,770
Computer Warehouse Group	-	3,878,250	2,799,681
Computer Warehouse Uganda	116,143	-	-
Computer Ware House Ghana	101,438	-	-
Computer Warehouse Cameroon	3,532	-	-

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

The average number of persons employed by the Group during the year, including Directors, was as follows:

	The Group		The Company	
	2012	2011	2012	2011
Technical	418	348	417	3
Non-technical	156	209	146	54
	-----	-----	-----	-----
	574	557	563	57
	===	===	===	===

Directors' emoluments comprise:

	The Group		The Company	
	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Fees				
Other remuneration	108,038	54,950	108,038	15,614
Highest paid director		5,031		5,031
	-----	-----	-----	-----
	574	557	563	57
	===	===	===	===

The number of directors whose gross emoluments are within the bands stated below were:-

	The Group		The Company	
Directors emoluments	2012	2011	2012	2011
1,000,001 - 1,000,000				
1,000,001 - 2,000,000				
2,000,001 - 3,000,000				
3,000,001 and above	3	3	3	3
	----	----	----	----
	3	3	3	3
	==	==	==	==

	The Group		The Company	
Directors emoluments	2012	2011	2012	2011
	N'000	N'000	N'000	N'000
Wages, Salaries, allowances and other benefits	1,448,725	1,021,296	1,105,301	172,667
Pension costs	49,980	47,150	49,980	10,711
	-----	-----	-----	-----
	1,498,705	1,068,446	1,155,281	183,378
	=====	=====	=====	=====

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

	The Group		The Company	
Directors emoluments	2012	2011	2012	2011
	Number	Number	Number	Number
N				
Up to - 1,000,000	216	234	216	20
1,000,001- 2,000,000	173	149	176	12
2,000,001- 3,000,000	49	50	49	5
3,000,001 and above	136	124	122	20
	----	----	----	----
	574	557	563	57
	===	===	===	==

Transactions with key management personnel

Compensation of key management personnel of the Group

	2012	2011
	N'000	N'000
Short term employment benefits	189,184	-
Post-employment pension and medical benefits	12,160	160,000
Fees paid for meetings attended	1,200	-
	-----	-----
Total compensation paid to key management personnel	202,543	160,000
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2012, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2011: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

31. Commitments and contingencies

The Group has a loan it has taken out with a financial institution on behalf of another entity. This loan is serviced fully by the third party and there has not been any default on payment. The contingent liability associated with this arrangement is N437,110,263 with a fair value of N453,675,762.

32. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds available-for-sale investments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's risk management is governed by the Board, through the Board Financial, Risk and Audit committee (FARCOM). The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a predominant portfolio of fixed rate loans and borrowings. The Group's policy is to keep take floating rate borrowings only under exceptional circumstances, where the risks are thoroughly considered and approved. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the Group's only loan stock. With all other variables held constant, the Group's profit before will be affected as follows:

	Increase / decrease in basis points	Effect on profit before tax
2012	+100	(12,000)
	-100	12,000
2011	+100	(11,372)
	-100	11,372

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries. The Group manages foreign currency by securing fixed exchange rates facilities.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Customer's credit ratings determine the proportion of sales invoice that is required in advance of delivery.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several sectors and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be paid or rolled over with existing lenders.

As at 31 December 2012	On demand N'000	Less than 3 months	3-12 months N'000	1-5 Years	Total N'000
Short-term borrowings	-	1,166,423	-	-	1,166,423
Convertible loan stock	-	-	-	-	1,460,000
Bank overdraft	-	-	-	-	11,523
Trade and other payables	-	-	3,977,914	-	3,977,914
	<u>11,523</u>	<u>1,166,423</u>	<u>3,977,914</u>	<u>1,460,000</u>	<u>6,615,860</u>
As 31 December 2011	On Demand	Less than 3 months	3-12 months	1-5 Years	Total
Short-term borrowings	-	570,623	-	-	570,623
Convertible loan stock	-	-	-	1,366,681	1,366,681
Bank overdraft	199,284	-	-	-	199,284
Trade and other payables	-	-	3,694,728	-	3,694,728
	<u>199,284</u>	<u>570,623</u>	<u>3,694,728</u>	<u>1,366,681</u>	<u>5,831,316</u>
As at 1 January 2010	On Demand	Less than 3 months	3-12 months	1-5 Years	Total
Short-term borrowings	-	-	-	-	-
Convertible loan stock	-	-	-	1,290,415	1,290,415
Bank overdraft	79,036	-	-	-	79,036
Trade and other payables	-	-	3,161,425	-	3,161,425
	<u>79,036</u>	<u>-</u>	<u>3,161,425</u>	<u>-</u>	<u>4,530,876</u>

Financial Instruments by measurement bases

The table below show financial instruments by their measurement bases:

	The Group			The Company		
	Loans and Receivables / Liabilities at Amortised cost N'000	Available for sale financial assets	Carrying value N'000	Loans and Receivables / Liabilities at Amortised cost N'000	Available for sale financial assets	Carrying value N'000
As at 31 December 2012						
Trade and other receivables	5,946,821	-	5,946,821	6,059,588	-	6,059,588
Cash and cash equivalents	1,084,237	-	1,084,237	1,046,669	-	1,046,669
Available for sale		14,837	14,837	-	14,837	14,837
Loans and receivables	7,309	-	7,309	-	-	-
	=====	=====	=====	=====	=====	=====
Total financial assets	7,038,367	14,837	7,053,204	7,106,257	14,837	7,121,094
	=====	=====	=====	=====	=====	=====
Trade and other payables	3,977,915	-	3,977,915	3,967,945	-	3,967,945
Short-term borrowings	1,177,946	-	1,177,946	1,017,004	-	1,017,004
Convertible loan stock	1,460,000	-	1,460,000	1,460,000	-	1,460,000
	=====	=====	=====	=====	=====	=====
Total financial liabilities	6,615,861	-	6,615,861	6,444,949	-	6,444,949
	=====	=====	=====	=====	=====	=====

Financial Instruments by measurement bases (Cont)

	The Group			The Company		
	Loans and Receivables / Liabilities at Amortised cost N'000	Available for sale financial assets	Carrying value N'000	Loans and Receivables / Liabilities at Amortised cost N'000	Available for sale financial assets	Carrying value N'000
As at 31 December 2011						
Trade and other receivables	5,124,767	-	5,124,767	3,892,772	-	3,892,772
Cash and cash equivalents	399,952	-	399,952	25,697	-	25,697
Available for sale		17,629	17,629	-	-	-
Loans and receivables	8,740	-	8,740	3,536	-	3,536
	=====	=====	=====	=====	=====	=====
Total financial assets	5,533,459	17,629	5,551,088	3,922,005	-	3,922,005
	=====	=====	=====	=====	=====	=====
Trade and other payables	3,694,728	-	3,694,728	1,158,247	-	1,158,247
Short-term borrowings	769,907	-	769,907	760,258	-	760,258
Convertible loan stock	1,366,681	-	1,366,681	1,366,681	-	1,366,681
	=====	=====	=====	=====	=====	=====
Total financial liabilities	5,831,316	-	5,831,316	3,285,186	-	3,285,186
	=====	=====	=====	=====	=====	=====

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalent, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate/or receivable are evaluated by the Group based on parameters such as interest rates, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2012, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

33. Capital management

Capital includes convertible loan stock and equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2012 and 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Group's capital structure and debt-equity ratio is shown below:

NOTES TO THE FINANCIAL STATEMENTS

	2012	2011	At 1 January 2011
	N'000	N'000	N'000
Interest bearing loans & borrowings (Note 24)		-	620,000
Trade and other payables (Note 26)	3,977,915	3,694,728	3,161,425
Short-term loans and borrowings	1,177,946	769,907	79,036
Less: cash and cash equivalents (Note 22)	(1,084,237)	(399,952)	(300,136)
Net debt	4,071,623	4,064,683	3,560,325
Equity	3,044,252	2,867,568	2,559,338
Convertible loan stock	1,460,000	1,366,681	1,290,415
Total capital	4,504,044	4,234,249	3,849,753
Debt to equity ratio	90%	96%	93%

36. Events after reporting date

On the 2nd of January 2013, the holder of a convertible loan stock instrument issued by the Group converted the entire instrument worth US\$10,000,000 into 524,800,659 ordinary shares of the Group and a further 24,700 worth shares were allocated to the staff of Computer Warehouse Limited. The new authorised share capital of the Group has been raised to 3,500,000,000 shares as at 6th of March 2013. Also, the Group is currently planning on obtaining market listing by introduction in 2013.

COMPUTER WAREHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

37. Statement of Value Added

	The Group				The Company			
	2012 N'000		2011 N'000		2012 N'000		2011 N'000	
Turnover	18,760,741		14,693,440		18,312,163		994,268	
Cost of services- Local	(16,480,117)		(12,733,870)		(16,027,678)		(318,771)	
	-----		-----		-----		-----	
	2,280,624		1,959,570		2,284,485		675,497	
Other income	79,785		344,507		79,782		3,306	
	-----		-----		-----		-----	
	2,360,409		2,304,077		2,364,267		678,803	
	=====		=====		=====		=====	
Applied as follows:		%		%		%		%
To employees								
-Wages, salaries and other benefits	1,075,508	46	1,013,496	44	984,026	42	151,933	22
To providers of capital								
-Interest	394,859	16	146,176	10	391,532	17	100,401	15
To pay government: as								
Company taxes	-	-	229,170	6	-	-	176,309	26
To provide for replacement of assets and expansion of business:								
Depreciation & amortization	541,543	23	411,052	18	535,371	22	14,352	2
Deferred taxation		0	39,061	2			(19,775)	(3)
Retained profit	348,499	15	465,122	20	453,338	19	255,583	38
	-----		-----		-----		-----	
	2,360,409	100	2,304,077	100	2,364,267	100	678,803	100
	=====	===	=====	===	=====	===	=====	===

NOTES TO THE FINANCIAL STATEMENTS

	<div style="text-align:center;">IFRS</div> <div style="text-align:center;"></div>			<div style="text-align:center;">Local GAAP</div> <div style="text-align:center;"></div>	
	31-Dec-12 N'000	31-Dec-11 N'000	31-Dec-10 N'000	31-Dec-09 N'000	31-Dec-08 N'000
NON-CURRENT ASSETS					
Goodwill	814,088	-	-		
Property, plant & equipment	1,340,468	93,495	19,094	1,185	
Intangible assets	104,032	1,949	-		
Investment in subsidiaries	30,307	1,270,044	1,240,620	1,229,933	1,229,933
Available for sale financial assets	14,837	14,836	-	-	
Deferred tax assets	-	8,362	-	506	
Net current asset/(liabilities)	2,521,970	1,915,362	2,489,063	1,844,520	(6,6240
	<u>4,285,701</u>	<u>3,280,851</u>	<u>3,745,777</u>	<u>3,076,144</u>	<u>1,223,309</u>
Interest bearing loans & borrowings	-	-	(620,000)	-	-
Convertible loan stocks	(1,460,000)	(1,366,681)	(1,290,415)	(1,480,000)	-
Deferred tax liabilities	(67,215)	(29,855)	(49,630)	-	-
	<u>3,298,486</u>	<u>1,884,315</u>	<u>1,788,732</u>	<u>1,596,144</u>	<u>1,223,309</u>
Financed by:					
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Share premium	410,883	410,883	410,883	410,883	410,883
Retained earnings	1,635,904	229,179	133,596	185,261	(187,574)
Convertible loan reserve	244,253	244,253	244,253	-	-
Available for sale reserve	7,446	-	-	-	-
Foreign currency translation reserve	26,342	-	-	-	-
	<u>3,298,486</u>	<u>1,884,315</u>	<u>1,788,732</u>	<u>1,596,144</u>	<u>1,223,309</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
	<div style="text-align:center;">IFRS</div> <div style="text-align:center;"></div>			<div style="text-align:center;">Local GAAP</div> <div style="text-align:center;"></div>	
	31-Dec-12 N'000	31-Dec-11 N'000	31-Dec-10 N'000	31-Dec-09 N'000	31-Dec-08 N'000
Turnover	18,312,163	994,268	970,395	1,013,731	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Profit before tax	444,064	238,960	356,480	554,130	(187,754)
Profit after tax	444,064	255,583	233,665	372,835	(187,754)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Per share					
Earning per share	N 0.17	N 0.23	N 0.12	N 0.19	(N 0.09)
Net assets per share	1.65	0.94	0.89	0.80	0.61