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Intravenous Infusions Plc

Report and Financial Statements
31 December 2019

Intravenous Infusions Plc

Report and financial statements

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Corporate information

Directors:	Isaac Osei	Chairman
	David Klutse	Managing director
	Leon Appenteng	Non-Executive Director
	Samuel A. Appenteng	Non-Executive Director
	Nana Owusu Banahene	Non-Executive Director
	Devine Doku	Non-Executive Director- Resigned (December 2019)
	Prof. Mrs Gladys Amponsah	Independent Director
	Dr. William A. Atuilik	Non-Executive Director - Appointed (May 2019)

Secretary	Dehands Services Limited
Registered office:	No. 9 Carrot Avenue P. O. Box CT 9347 Accra

Auditors:	Deloitte & Touche Chartered Accountants The Deloitte Place Plot No. 71, off George Walker Bush Highway North Dzorwulu Accra

Bankers:	National Investment Bank Limited ADB CAL Bank Limited Ecobank (Ghana) Limited Ecobank (Cote D'ivoire) Limited Barclays Bank Ghana Limited Consolidated Bank Ghana Limited GCB Bank Limited Zenith Bank Ltd

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Report of the directors

For the year ended 31 December 2019

The directors present their report and the accounts for the year ended 31 December 2019.

1. Nature of business

Intravenous Infusions Plc is a public limited liability company incorporated in Ghana. The address of its registered office and principal place of business is Plot 4/7 Blk L Effiduase P.O. Box KF 63 Koforidua.

2. Principal activities

Intravenous Infusions PLC (IIPLC) is a pharmaceutical company producing and distributing Intravenous Fluids in Ghana and the West African sub-region. The main business activity of IIPLC is the production of Intravenous Infusions and small volume injectable for therapeutic purposes. Intravenous Infusions therapy commonly called IV, refers to the administration of Fluids, drugs or blood directly into the circulatory system through a vein.

IIPLC production process is regulated and certificated by Food and Drugs Authority (FDA) and Factory Inspectorate Division. Renewals for those certificates have been obtained for 2019 financial year. The wholesaling and distribution are regulated by Pharmacy Council under the Health Professions Regulatory Bodies Act, 2013 Act 857 and the certificate has been renewed for 2019 financial year.

3. Financial results

The statement of financial position has been signed by two directors indicating the Board's approval of such statement of financial position and attached accounts on pages 17 to 63.

	2019 GHS	2018 GHS
The surplus brought forward on income surplus account at 1 January	**3,090,264**	243,768
IFRS 9 transition adjustment	-	3,884
Dividends paid	**(993,874)**	-
	2,096,390	247,652
To which must be added profit for the year after charging all expenses including depreciation of	**1,870,608**	2,842,612
Leaving a surplus to be carried forward on income surplus account at 31 December of	**3,966,998**	3,090,264

4. Dividend

The Directors recommend the payment of GHS0.0044 dividend per share.

5. Audit fees

Audit fees of GHS 70,000 is included in the statement of profit and loss and other comprehensive income (2018: GHS 60,000).

6. Corporate social responsibility

There were no corporate social responsibility activities performed during the year

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7. Particulars of entries in the Interests Register during the financial year
No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by sections 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

8. Auditors
In accordance with Section 139(5) of the Companies Act, 2019 (Act 992) the auditors, Messrs. Deloitte & Touche, will continue in office as auditors of the Company.

The Auditors are appointed by the Shareholders at the Annual General Meeting on the recommendation of the Board of Directors. Their professional fees are set at GHS70,000 and approved at the meeting. During the year there was no any non-audit work done by the Auditors.

9. Going Concern
No issues have come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve (12) months from the date of this statement.

10. Related party transaction
As per requirement of IAS 24, related party transaction are disclosed under note 21 to the financial statements.

11. Corporate Responsibility and Compliance
The Company is registered with Environmental Protection Agency (EPA) and has obtained the environmental permit and certificate for the year 2019. The company submits environmental reports annually as well as environmental management plan every 3 years.

12. Approval of financial statements
The financial statements were approved by the board of directors on 30 March 2020

On behalf of the board

.....
Director:
Date:

.....
Director:
Date:

Statement of directors' responsibilities

For the year ended 31 December 2019

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992). They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

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Corporate Governance

It is the policy of the Company to comply with international best practices in corporate governance to the extent appropriate for a company of its size.

The Board has established Audit and Risks Committee, Finance and Budget Committee, Human Resource and Staffing Committee. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Board of Directors

The Company still advocates for an integrated approach to corporate governance as evidenced by the governance framework. The Board consists of the Chairman, one Executive Directors and six (6) Non-Executive Director. The independent board provides strategic direction and has ultimate responsibility for the functioning of the Company.

The Board is accountable for all decisions taken by its Board committees and management. The Board and its committees all operate in terms of agreed mandates, which set out their terms of reference, and are reviewed and revised regularly in order to keep pace with global developments.

There are four reporting Committees responsible for supporting the Board of Directors

Finance and Budget Committee

The specific duties of this committee are to:

- Develop financial regulations for the Company;
- Collaborate with management in managing company's funds;
- Review quarterly operational results to ensure that targets are met;
- Examine proposals for recurrent revenue and expenditure budgets, and make recommendations to the board of directors;
- Examine proposals for capital and development budges and make recommendations to the board of directors;
- Recommend for approval all major capital and development expenditure;
- Develop an investment policy for the Company and monitor its implementation;
- Examine management reports as well as audited accounts and make recommendations to the board of directors; and
- Undertake any other relevant budgetary and financial assignment that the board may refer to from time to time.

It is made up of one executive director and three non-executive directors namely:

- Mr. Leon Appenteng - Chairman
- Mr. David Klutse - Member
- Dr. William Atuilik - Member
- Mr. Samuel A. Appenteng - Member

Corporate Governance

Audit and Risk Committee

The company has constituted a three-member Audit and Risk Committee. The functions of the committee include:

- Overseeing the processes in identifying, managing and mitigating risks relating to the operations of IIPL
- Overseeing the establishment and implementation of internal control systems at IIPL.
- Examining management judgments and accounting estimates applied in financial reporting.
- Facilitating the implementation of audit recommendations made by internal audit and external auditors; and
- Conferring with both management and the external auditor about the financial statement.

The Audit and Risk Committee comprises of the under listed Non-Executive Board Members:

- Prof. Williams A. Atuilik - Chairman
- Mr. Samuel A. Appenteng - Member
- Prof. (Mrs.) Gladys Amponsah - Member

Human Resource and Staffing Committee

The company has constituted a four-member Human Resource and Staffing Committee. The specific duties of this committee are to:

- Assist in the recruitment and selection of managerial personnel of the Company.
- Examine proposals for manpower needs and staff recruitment.
- Examine proposals for conditions of service of Management and Staff and make recommendations to the Board.
- Ensure that code of conduct and ethics are clearly defined and implemented; and
- Perform any other related matters to be referred to it by the board of directors.

The human resource and staffing committee is made up of:

- Prof. (Mrs) Gladys Amponsah - Chairperson
- Mr. Leon Appenteng - Member
- David Klutse - Member
- Nana Owusu Banahene - Member

Asset Management and Development Committee (Technical Committee)

The company has constituted a four-member Asset Management and Development Committee (Technical Committee). The specific duties of this Committee are to:

- Oversee the proper management of all assets of the Company.
- Develop policies and methodology for assets management.
- Consider any proposals for expansion and make recommendations to the board of directors; and
- Undertake any other relevant assignments that the board of directors may from time to time refer to it.

Corporate Governance

The membership of the committee comprises the following:

- Mr. Samuel Appenteng - Chairman
- Mr. David Klutse - Member
- Leon Appenteng - Member
- Prof. (Mrs) Gladys Amponsah - Member

Systems of internal control

The Company has well-established internal control systems for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that the risks facing the business are being controlled. The corporate internal assurance function of the Company plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal controls are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

Code of business ethics

Management has communicated the principles in the Company's Code of Conduct to its employees in the performance of their duties. This code sets the professionalism and integrity required for business operations which covers compliance with the law, conflicts of interest, environmental issues, reliability of financial reporting, and strict adherence to the principles so as to eliminate the potential for illegal practices.

Directors Emolument

The terms of Directors emoluments including fees, allowances, salaries and meeting expenses for the 2019 financial year were set as follows:

	2019	2018
	GHS	GHS
Fees	**127,188**	108,000
Allowances	**173,660**	158,560
Salaries	**346,373**	298,742
Bonuses	**103,125**	96,490
Expenses	**66,020**	29,007
Total	**816,366**	690,799

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Corporate Governance

Name	Nationality	Age	Profession	Position	Other Directorship	Date Of Appointment
Isaac Osei	Ghanaian	69	Bsc (Econs) MA (Dev Econs)	Non-Executive Chairman	Algebra Securities Ltd. Algebra Capital Management Limited	16th Dec. 1988
David Klutse	Ghanaian	51	EMBA, FCCA	Managing Director	Koforidua Technical University Council	1st January, 2017
Leon Appenteng	Ghanaian	59	LLB (Hons) M.A (Business Law)	Non-Executive Director	Ghana Petroleum Mooring Systems AI Acquisitions Ltd. Appenteng Mensah & Co Tema Oil Refinery AIC Limited Mandilas Ghana Ltd	18th December 1995
Samuel A. Appenteng	Ghanaian	60	BSc. (Chemical Eng) MBA Finance	Non-Executive Director	IFS Capital Management Ltd. IFS Financial Services AGI Development Fund Eastern Premier Hotel Ghana Alternative Exchange Joissam Ltd.	12th March, 2009
Devine Doku	Ghanaian	60	BA (HON) Econs And Sociology MBA - Finance	Non-Executive Director	Twifo Oil Palm Plantation First Ghana Savings and Loans Company	20th October, 2017
Nana Osei Owusu Banahene	Ghanaian	57	Diploma in Education (TRADITIONAL RULER)	Non – Executive Director	KAS Products Ltd. Banasu Construction Ltd.	18th Sep. 2001
Prof. (Mrs.) Gladys Amponsah	Ghanaian	74	MB. ChB (GH) FRCA, FWACS, FGC PS	Independent Director	Centre for World Scientific Information Ltd.	2nd July, 2014
Prof.William Abayaawien Atuilik	Ghanaian	46	Ph.D. (Accounting), MSc (Finance) MSc. (PFM), MA (EPM), BSc. (Admin.), LLB, CA, FCIT, FGIM, FCCE, CEPA, FIoD (Gh), ACIB, CPFA, CPA, Barrister at Law.	Non – Executive Director	Tema Oil Refinery Ltd. ALHET Insurance Brokers Ltd. Institute of Chartered Accountants, Ghana Hope College Fumbisi Senior High School Massim Farms Ltd. Massim Constructions Ltd.	30th May 2019

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Independent auditor's report

To the Shareholders of Intravenous Infusions Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of, set out on pages 17 to 68 which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of as at 31 December 2019 and the financial performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992).

Basis for Opinion

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

Key Audit Matters

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

A full list of partners and directors is available on request

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Independent auditor's report - continued

To the Shareholders of Intravenous Infusions Plc

Key Audit Matter	How our audit addressed the Key Audit Matter
IFRS 9 Impairment	
As described in note 13b to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments. This was considered a key audit matter as IFRS 9 is a new and complex accounting standard, which requires significant judgment to determine impairment at year-end. These include: • Determining the staging of financial assets of the company which includes establishing groups of similar financial assets; • Determining criteria for significant increase in credit risk; • Determination of the probability of default (PD) and Loss Given Default (LGD), which includes establishing the relative weightings of forward-looking scenarios for each type of loan and the associated Expected Credit Loss (ECL); • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices); • The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	In assessing impairment reserve, we performed the following procedures: We evaluated the design and tested the implementation of the controls around the calculating and recording of the impairment balance. We gained understanding of the Company's key credit processes comprising booking, monitoring and provisioning. We reviewed the Company's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9. We assessed the modeling techniques and methodology against the requirements of IFRS 9. We understood and tested the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models used by the Company to determine impairment provisions. We examined a sample of exposures and performed procedures to evaluate the: • Data used to determine the impairment, including transactional data captured at loan origination, ongoing internal credit quality assessments; • Expected credit loss model, including the models developed and approved, ongoing monitoring/validation, model governance and mathematical accuracy; • We tested the appropriateness of the company's staging; • Basis for and data used to determine overlays;

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Independent auditor's report - continued

To the Shareholders of Intravenous Infusions Plc

Key Audit Matter	How our audit addressed the Key Audit Matter
IFRS 9 Impairment	
	• For Probability of Default (PD) used in the ECL calculations we checked the Through the Cycle (TTC) PDs calculation and checked the appropriateness of conversion of the TTC PDs to point in time (PIT) PDs; • We tested the appropriateness of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations; • We checked the calculation of the Loss Given Default (LGD) used by the Company's in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations; • For forward looking assumptions used by the 's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information; • We tested the completeness of loans and advances, off balance sheet items, investment securities, placements and other financial assets included in the ECL calculations; • Other key modeling assumptions adopted by the Company; and • We then challenged the appropriateness of the models and management assumptions included in the ECL calculations.

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Independent auditor's report - continued
To the Shareholders of Intravenous Infusions Plc

Key Audit Matter	How our audit addressed the Key Audit Matter
IFRS 9 Impairment	
	• We also performed procedures to ensure the competence, objectivity and independence of the Group's consultant. • We involved our credit specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model). • We checked the appropriateness of the opening balance adjustments and assessed the accuracy of the disclosures in the financial statements. We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We considered the disclosure of loan impairment to be appropriate and adequate.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Directors' Responsibilities and Corporate Governance Statement, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

Report on the Audit of the Financial Statements

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

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

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A full list of partners and directors is available on request

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Independent auditor's report - continued
To the Shareholders of Intravenous Infusions Plc

Responsibilities of the Directors for the Financial Statements

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

A full list of partners and directors is available on request

Independent auditor's report - continued
To the Shareholders of Intravenous Infusions Plc

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the audit committee and the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A full list of partners and directors is available on request

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Independent auditor's report

To the Shareholders of Intravenous Infusions Plc

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.

2. In our opinion:

   proper books of accounts have been kept by the company, so far as appears from our examination of those books.

   the information and explanations or provided to us, is in the manner required by Act 992 and give a true and fair view of the:

   a. statement of financial position of the company at the end of the financial year, and
   b. statement of profit or loss and other comprehensive income for the financial year.

3. The company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

4. We are independent of the company, pursuant to section 143 of Act 992.

The engagement partner on the audit resulting in this independent auditor's report is **Emmanuel Martey (ICAG/P/1476).**

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2020/129)
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
Accra Ghana

08 APRIL **2020**

A full list of partners and directors is available on request

Intravenous Infusions Plc

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2019

	Note	2019 GHS	2018 GHS
Revenue	5	**23,085,380**	20,206,689
Cost of operations	6	**(11,399,528)**	(8,299,773)
Gross profit		**11,685,852**	11,906,916
Other income	7	**21,268**	12,038
Operating and other expenses	8	**(8,652,016)**	(7,324,349)
Profit before depreciation, interest and tax (PBDIT)		**3,055,104**	4,594,605
Depreciation and amortization	11	**(494,990)**	(574,359)
Profit before interest and tax (PBIT)		**2,560,114**	4,020,246
Finance cost	9	**(259,619)**	(484,400)
Profit before tax		**2,300,495**	3,535,846
Income tax expense	10	**(429,887)**	(693,234)
Profit after tax		**1,870,608**	2,842,612
Other comprehensive income		**-**	-
Total comprehensive income		**1,870,608**	2,842,612
Basic and Diluted Earnings per share (GHS)		**0.0073**	0.01254

The accompanying notes on pages 21 to 68 form an integral part of the financial statements.

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Intravenous Infusions Plc

Statement of financial position

As at 31 December 2019

	Note	2019 GHS	2018 GHS
Assets			
Non-current assets			
Property, plant and equipment	11.1	**10,571,949**	7,812,086
Intangible assets	11.3	**70,676**	84,546
Total non-current asset		**10,642,625**	7,812,086
Current assets			
Inventory	12	**4,680,220**	4,462,162
Trade and other receivables	13	**14,465,957**	12,436,678
Cash and cash equivalent	14	**681,396**	1,839,610
Total current asset		**19,827,573**	18,738,450
Total assets		**30,470,198**	26,550,536
Equity			
Stated capital	15a	**10,074,468**	7,213,384
Deposit for Shares	15b	**1,551,983**	1,701,000
Income surplus		**3,966,998**	3,090,264
Capital surplus		**2,103,120**	2,468,400
Total equity		**17,696,569**	14,473,048
Non-Current Liability			
Deferred tax liabilities	10b	**813,636**	757,425
Medium term loan	17c	**4,068,435**	-
Lease obligation		**34,266**	-
Total non-Current Liability		**4,916,337**	757,425
Current liabilities			
Employee benefits Obligation	16	**-**	534,719
Borrowings	17	**1,907,489**	2,418,144
Other Borrowing	17b	**-**	1,595,113
Trade and other payables	18	**5,847,391**	6,418,683
Current tax	10c	**102,412**	353,404
Total current liabilities		**7,857,292**	11,320,063
Total Liability		**12,773,629**	12,077,488
Total Liabilities and equity		**30,470,198**	26,550,536

.....
Director
Date:

.....
Director
Date:

Intravenous Infusions Plc

Statement of changes in equity

For the year ended 31 December 2019

2019

	Stated capital GHS	Deposit for Shares GHS	Income surplus GHS	capital surplus GHS	Total GHS
Balance at 1 January 2019	7,213,384	1,701,000	3,090,264	2,468,400	14,473,048
Converted to equity	1,700,000	(1,700,000)	-	-	-
Deposit for share	-	1,551,983	-	-	1,551,983
Dividends	-	-	(993,874)	-	(993,874)
Share issue refunds	-	(1,000)	-	-	(1,000)
Adjustment-leasehold land	-	-	-	(365,280)	(365,280)
Transactional costs in conversion deposit for shares	(189,396)	-	-	-	(189,396)
Share issues	1,350,480	-	-	-	1,350,480
Total comprehensive income	-	-	1,870,608	-	1,870,608
At 31 December 2019	10,074,468	1,551,983	3,966,998	2,103,120	17,696,569

2018

	Stated capital GHS	Deposit for Shares GHS	Income surplus GHS	capital surplus GHS	Total GHS
Balance at 1 Jan 2018	7,213,384	-	243,768	2,468,400	9,925,552
IFRS 9 transition adjustment	-	-	3,884	-	3,884
IFRS 9 restated balances	7,213,384	-	247,652	2,468,400	9,929,436
Cash deposit for shares	-	1,701,000	-	-	1,701,000
Total comprehensive income	-	-	2,842,612	-	2,842,612
At 31 December 2018	7,213,384	1,701,000	3,090,264	2,468,400	14,473,048

The accompanying notes on pages 21 to 68 form an integral part of the financial statements.

Statement of cash flows

For the year ended 31 December 2019

	Notes	2019 GHS	2018 GHS
Operating activities			
Profit from operations before tax		**2,300,495**	3,535,846
Adjustments for non-cash income and expenses:			
Depreciation of property, plant and equipment	11	**494,990**	574,359
Profit from disposal of Non-current asset		**(3,000)**	-
Impairment Loss on Non-current Asset	8	-	10,220
IFRS 9 transition adjustment		-	3,884
Cash flow included in operating activities:		**2,792,485**	4,124,309
Changes in operating assets and liabilities			
Changes in trade and other receivables	13	**(2,029,279)**	(2,536,062)
Changes in trade payables	8	**1,113,508**	938,781
Changes in inventory	12	**(218,058)**	(152,523)
Changes in Employee Benefits Obligation		**(534,719)**	(495,561)
Cash flow from Changes in working capital		**1,123,937**	1,878,944
Tax paid	10	**(624,668)**	(489,272)
Net cash used in operating activities		**499,269**	1,389,672
Cash flows from investing activities			
Proceeds from sale of property plant and equipment	11	**3,000**	39,700
Cash paid for property plant and equipment		**(5,341,343)**	(1,813,907)
Net cash used in investing activities		**(5,338,343)**	(1,813,907)
Cash flows from financing activities			
Increase in borrowings	17	**4,900,811**	334,563
Dividends		**(993,874)**	-
Cash deposit for share/(refunds)	14	**(1,000)**	1,701,000
Payment of shares issue costs		**(225,077)**	-
Net cash generated from financing activities		**3,680,860**	2,035,563
Net (decrease)/ increase in cash and cash equivalents		**(1,158,214)**	1,611,328
Cash and cash equivalents at beginning of year	14	**1,839,610**	228,282
Cash and cash equivalents at end of year		**681,396**	1,839,610

The accompanying notes on pages 21 to 68 form an integral part of the financial statements.

Notes to the financial statements

For the year ended 31 December 2019

1. General information

Intravenous Infusions Plc is a limited liability company incorporated in Ghana. The address of its registered office and principal place of business is Plot 4/7 Blk L Effiduase P.O. Box KF 63 Koforidua.

The principal activity of the company is the manufacturing and marketing of pharmaceutical products.

2. Basis of preparation and accounting policies

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at amortised cost or fair values, as explained in the accounting policies below. The financial statements are presented in Ghana Cedi (GHS) which is also the functional currency of the company.

3. Summary of significant accounting policies

3.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

3. Summary of significant accounting policies (continued)

3.1. Fair value measurement (continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.2. Revenue recognition

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

Turnover represents net invoice value after the deduction of discounts and allowances given and accruals for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Value added tax and other sales taxes are excluded from revenue.

3. Summary of significant accounting policies (continued)

3.3. Inventory

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

3.4. Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Taxes

3.4.1. Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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.

3.4.2. Deferred tax

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

3. Summary of significant accounting policies (continued)

3.4.2 Deferred tax – continued

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.5. Foreign Currencies

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.6. Property, plant and equipment

Property, plant and equipment (PP&E) is stated at the cost of purchase or construction less provisions for depreciation and impairment. Financing costs are capitalised within the cost of qualifying assets in construction.

3. Summary of significant accounting policies (continued)
3.6. Property, plant and equipment (continued)

Depreciation is calculated to write off the cost less residual value of PP&E, excluding freehold land, using the straight-line basis over the expected useful life. Residual values and lives are reviewed, and where appropriate adjusted, annually. The normal expected useful lives of the major categories of PP&E are:

Leasehold land and building	3%
Plant, machinery and equipment	10%-33.33%
Furniture and fittings	20%
Motor vehicles	20%-25%

On disposal of PP&E, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the income statement.

Revaluation

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve/capital surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

3.7 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. Summary of significant accounting policies (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

• the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

3. Summary of significant accounting policies (continued)

(i) Amortised cost and effective interest method - continued

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Debt instruments classified as at FVTOCI

Corporate debts are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate debt as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost.

All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate debts are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.
Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

• Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

• Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

3. Summary of significant accounting policies (continued)
(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:
• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
• an actual or expected significant deterioration in the operating results of the debtor;
• significant increases in credit risk on other financial instruments of the same debtor;

• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

(ii) Definition of default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:
• when there is a breach of financial covenants by the debtor; or
• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company). Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

De-recognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

3. Summary of significant accounting policies (continued)

In contrast, on de-recognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.8. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. 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 Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.
For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously re-valued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, 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 Company 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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a re-valued amount, in which case, the reversal is treated as a revaluation increase.

3. Summary of significant accounting policies (continued)

3.9. Cash and short-term deposits

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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding Company overdrafts.

3.10. Provisions

3.10.1. General

Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. Details of the provision are shown in note 19.

Initial application of new amendments to the existing Standards effective for current financial period

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for current financial period:

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), issued by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service as a negative cost.

3. Summary of significant accounting policies (continued)

Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) proportionate restatement of accumulated depreciation/ amortisation application in revaluation method and (v) clarification on key management personnel. The amendments are to be applied for annual periods beginning on or after 1 July 2014.

Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) scope of exception for joint ventures; (ii) scope of paragraph 52 if IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments are to be applied for annual periods beginning on or after 1 July 2014).

The adoption of these amendments to the existing standards has not led to any material changes in the Entity's financial statements.

Impact of initial application of IFRS 9 *Financial Instruments*

In the current year, the Company has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives, but to recognize the transitional adjustment in the statement of changes in equity.

Additionally, the Company adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's consolidated financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a)Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
• debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
• debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

• all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the fore going, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:
• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
• the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

CLASSIFICATION: CONFIDENTIAL

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

• financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortized cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.
However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The reconciliation between the ending provision for impairment in accordance with IAS 39 and the provision in accordance with IAS 37 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments on 1 January 2018 is disclosed in their respective notes.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.
Accordingly, this aspect of the application of IFRS 9that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Company has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Company's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Company has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 *Presentation of Financial Statements* and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

(e) Disclosures in relation to the initial application of IFRS 9

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Trade receivables	Cash and cash equivalents	Total allowance for credit losses
	GHS	GHS	GHS
IAS 39 as at 31 December 2017			
Specific impairment	-	-	-
Portfolio impairment	132,552	-	132,552
Total	132,552	-	132,552
Transition adjustments (Stage 2)	(3,884)		(3,884)
IFRS 9 as at 1 January 2018	128,668	-	128,668
Stage 1	26,642	-	26,642
Stage 2	-	-	-
Stage 3	-	-	-
Total	155,310	-	155,310

(f) Impact of initial application of IFRS 9 on financial performance

The application of IFRS 9 has had no impact on the consolidated cash flows of the Company.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.
Details of the new requirements as well as their impact on the Company's consolidated financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in IFRS 15 to describe such balances.

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The Company's accounting policies for its revenue streams are disclosed in detail in note 3 below. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company. There were no transitional adjustments passed as the Company's recognition criteria was in line with IFRS 15.

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

3.11.3 Impact of initial application of IFRS 16 *Leases*

In the current year, the company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3. The impact of the adoption of IFRS 16 on the company financial statements is described below.

The date of initial application of IFRS 16 for the company is 1 January 2019.

The company has applied IFRS 16 without using the full retrospective approach, since the company lease period commences in 2019 which coincide with the same year of adoption of IFRS 16.

(a) Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

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b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the company:

(a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.
Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the company financial statements.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required; in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

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Notes to the financial statements

For the year ended 31 December 2019

(d) Financial impact of the initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years.

Impact on profit or loss	**31/12/2019 GHS**	31/12/2018 GHS
Impact on profit/(loss) for the year		
Decrease in operating sub-lease income		
Increase in finance income		
Increase in depreciation of right-of-use asset	**1,132**	
Increase in finance costs	**2,284**	
Decrease in other expenses	**-**	-
Increase/(Decrease) in profit for the year	**3,416**	-

Impact on assets, liabilities and equity as at 1-Jan-18	As previously reported GHS	IFRS 16 adjustments GHS	As Restated GHS
Property, plant and equipment			
Right-of-use assets			
Finance lease receivables	-	-	-
Net impact on total assets	-	-	-
Obligations under finance leases			
Lease liabilities			
Provisions			
Trade and other payables	-	-	-
Net impact on total liabilities	-	-	-
Retained earnings	-	-	-

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Impact on assets, liabilities and equity as at 31-Dec-18	As previously reported GHS	IFRS 16 adjustments GHS	As restated GHS
Retained earnings			
Property, plant and equipment			
Right-of-use assets			
Finance lease receivables	-	-	-
Net impact on total assets	-	-	-
Obligations under finance leases			
Lease liabilities			
Provisions			
Trade and other payables	-	-	-
Net impact on total liabilities	-	-	-
Retained earnings	-	-	-

Impact on assets, liabilities and equity as at 31-Dec-19	As previously reported GHS	IFRS 16 adjustments GHS	As restated GHS
Property, plant and equipment	10,419,083	-	10,419,083
Right-of-use assets	-	152,866	152,866
Finance lease receivables	-	-	-
Net impact on total assets	10,419,083	152,866	10,571,949
Obligations under finance leases			
Lease liabilities	-	34,264	34,264
Provisions			
Trade and other payables	-	-	-
Net impact on total liabilities	-	34,264	34,264
Retained earnings	3,963,582	3,416	3,966,998

The company as a lessee:

(1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets of GHS 152,866 and lease liabilities of GHS 34,266. It also resulted in an increase in depreciation of GHS 1,132 and interest expense of GHS 2,284.

The application of IFRS 16 has an impact on the statement of cash flows of the company.

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Under IFRS 16, lessees must present:

Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities.
Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include interest paid as part of financing activities); and
Cash payments for the principal portion for a lease liability, as part of financing activities.

The adoption of IFRS 16 did not have an impact on net cash flows.

3.12 New and amended IFRS Standards that are effective for the current year but with no material impact upon adoption

In the current year, the company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 9 *Prepayment Features with Negative Compensation*

The Group has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

The Group has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Annual Improvements to IFRS Standards 2015–2017 Cycle

The Group has adopted the amendments included in the *Annual Improvements to IFRS Standards 2015–2017 Cycle* for the first time in the current year. The Annual Improvements include amendments to four Standards:

IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not re-measure its PHI in the joint operation.

Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this re-measurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as re-measured under IAS 19:99 with the discount rate used in the re-measurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

IFRIC 23 *Uncertainty over Income Tax Treatments*

The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

– If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

– If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

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New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective had not yet been adopted by the European Union (EU).

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

IFRS 17 *Insurance Contracts*

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

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

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

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft *Amendments to IFRS 17* addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.

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

IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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Amendments to IFRS 3 *Definition of a business*

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 *Definition of material*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

New Standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016).

  IFRS 14 "Regulatory Deferral Accounts" issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

  Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception issued by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

  Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations issued by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).

  Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative issued by IASB on 18 December 2014. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation issued by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

  Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants issued by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).

  Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements issued by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** issued by IASB on 25 September 2014. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue;

  (v) disclosure of information 'elsewhere in the interim financial report'. The amendments are to be applied for annual periods beginning on or after 1 January 2016.

The Entity has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. [If the Entity elected to adopt some of the standards and interpretations in advance, the information under IAS 8.28 should be disclosed.] The Entity anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Entity in the period of initial application. [If the impact is significant, it should be disclosed; alternatively, the impact (or its absence) should be added to respective standard or interpretation]

4. Critical accounting judgements, estimates and assumptions.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company companies.

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Judgement include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date.

The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Useful lives of property, plant and equipment

As described at 3.6 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of equipment should be shortened, due to developments in technology.

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5. Revenue

	2019 GHS	2018 GHS
Local sales	23,085,380	20,206,689
	23,085,380	20,206,689

6. Cost of operations

	2019 GHS	2018 GHS
Stock of Raw Materials at 1/01/19	2,385,358	2,975,400
Stock of Non-trade stock at 1/01/19	675,643	553,761
Purchases of Raw Materials & Non-trade stock	7,950,075	5,234,628
Stock of Raw Materials at 31/12/19	(2,720,731)	(2,385,358)
Stock of Non-trade stock at 31/12/19	(670,655)	(675,643)
Direct labour	1,661,461	1,543,492
Factory overheads	2,006,050	1,674,176
Stock of Finished Goods at 1/01/19	1,401,161	780,478
Stock of Finished Goods at 31/12/19	(1,288,834)	(1,401,161)
	11,399,528	8,299,773

7. Other income

	2019 GHS	2018 GHS
Profit from disposal of motor vehicle	3,000	-
Others	18,268	12,038
	21,268	12,038

Notes to the financial statements

For the year ended 31 December 2019

8. General and administrative expenses

	2019 GHS	2018 GHS
Directors' emoluments	**469,993**	390,586
Salaries and wages	**1,575,517**	1,627,616
Bank interest and charges	**71,277**	58,534
Postage and telephones	**80,112**	110,538
Cleaning expenses	**23,532**	10,220
Rents & Rates	**154,896**	106,654
Secretarial services	**50,340**	50,230
Donations and subscriptions	**25,308**	25,507
Carriage outwards	**633,874**	463,456
Entertainment	**10,454**	15,147
External audit fees	**70,000**	60,000
Corporate advisory and Registrars fees	**57,519**	65,875
AGM and related expenses	**39,570**	-
Printing and stationery	**69,329**	94,859
Meetings and Conferences	**25,159**	-
Licenses and registration	**240,256**	169,816
Insurance	**25,828**	40,285
Travelling and transport	**499,984**	471,953
Motor vehicle expenses	**580,603**	439,150
Advertisement, commissions and promotion	**1,876,338**	1,352,795
Internal audit fees	**20,469**	-
Repairs and maintenance	**128,048**	95,071
Medical expenses	**52,869**	65,063
Staff welfare expenses	**496,483**	372,354
Professional/Legal/Consultancy services	**614,554**	635,094
Provision for doubtful debts	**(31,532)**	26,642
Other staff cost (training)	**91,035**	82,565
Security Expenses	**188,261**	134,472
Medical education and exhibition	**-**	78,970
Electricity & water (bungalows)	**104,779**	36,215
Exchange loss	**384,098**	217,596
Impairment Loss on PPE	**-**	10,220
Sundry expenses	**23,063**	16,866
	8,652,016	7,324,349

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9. Finance Cost

	2019 GHS	2018 GHS
Loan interest payable	257,335	144,833
Bank overdraft/Loan interest	-	339,567
Interest on lease obligation	2,282	-
	259,619	484,400

10. Taxation

a. Income tax Expense

	Note	2019 GHS	2018 GHS
Income tax	11c	373,676	600,652
Deferred tax expense	11b	56,211	92,582
		429,887	693,234

Income tax is calculated at the rate of 18.75% of the Assessable income for the year of assessment 2018.

b. Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 18.75%. The movement on the deferred income tax account is as follows:

	2019 GHS	2018 GHS
At start of year	757,425	664,843
Income statement charge	56,211	92,582
At end of year	813,636	757,425

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c. Corporate tax

Corporate Tax

	At 1/1/19 GHS	Profit/Loss account GHS	Paid during the year GHS	At 31/12/19 GHS
Up to 2017	19,707	-	(211,769)	**(192,062)**
2018	333,697	-	(114,771)	**218,926**
2019	-	373,676	(298,128)	**75,548**
	353,404	373,676	(624,668)	**102,412**

d. Reconciliation of effective tax rate

Analysis of tax charge in the year :
The charge for taxation based upon the profit for the year comprises:

	2019 GHS	2018 GHS
The differences are explained below:		
Tax at 18.75% (2018: 18.75%)		
Profit before tax	**2,300,495**	3,492,555
Non-deductible expenses	**488,766**	693,611
Capital allowances	**(796,325)**	(982,691)
Chargeable profit	**1,992,936**	3,203,475
Current tax charged	**373,676**	600,651
Deferred tax	**56,211**	92,582
Other tax	**-**	-
Tax charge	**429,887**	693,233
Effective tax rates	**18.69%**	19.75%

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For the year ended 31 December 2019

11.1 Property plant and equipment

Cost	Leasehold land & building GHS	Plant, machinery & equipment GHS	Motor vehicle GHS	Furniture & fittings GHS	Spare parts GHS	Product Development GHS	GHS
1/1/2019	3,694,382	5,187,928	657,652	735,250	168,225	4,298	10,447,735
Additions	154,915	25,045	53,139	75,760	-	-	308,859
Additions-WIP	97,006	3,284,944	-	-	-	-	3,381,950
Disposals/impairment	(14,600)	-	(8,110)	-	-	-	(22,710)
Transfers	(355,060)	(97,130)	-	(18,883)	-	(4,298)	(475,371)
31/12/19	3,576,643	8,400,787	702,681	792,127	168,225	-	13,640,463
Depreciation							
1/1/2019	396,220	1,421,323	353,729	380,263	84,114	-	2,635,649
Charge for the year	65,746	231,192	55,329	112,030	16,823	-	481,120
Disposals	(4,380)	-	(8,110)	-	-	-	(12,490)
Transfers	-	(35,765)	-	-	-	-	(35,765)
31/12/19	457,586	1,616,750	400,948	492,293	100,937	-	3,068,514
Net Book Value as at 31 December 2019	3,119,057	6,784,037	301,733	299,834	67,288	-	10,571,949

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Notes to the financial statements

For the year ended 31 December 2019

11.1 Property, plant and equipment - continued

Cost	Leasehold land & building	Plant, machinery & equipment	Motor vehicle	Furniture & fittings	Spare parts	Product Development	
	GHS	GHS	GHS	GHS	GHS	GHS	GHS
1/1/2018	2,310,155	4,702,627	400,915	554,638	168,225	4,298	8,140,858
Additions	79,559	150,107	58,222	180,612	-	-	468,500
Additions-WIP	1,314,888	335,194	198,515	-	-	-	1,848,597
Disposals/impairment	(10,220)	-	-	-	-	-	(10,220)
Transfers	-	-	-	-	-	-	-
31/12/18	3,694,382	5,187,928	657,652	735,250	168,225	4,298	10,447,735
Depreciation							
1/1/2018	344,853	1,052,300	323,795	273,051	67,291	-	2,061,290
Charge for the year	51,367	369,023	29,934	107,212	16,823	-	574,359
31/12/18	396,220	1,421,323	353,729	380,263	84,114	-	2,635,649
Net Book Value as at 31 December 2018	3,298,162	3,688,015	303,923	354,987	84,111	4,298	7,812,086

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11.2 Assets pledged as Security

Leasehold land and building has been pledged for the borrowing from Ecobank Ghana Limited.

11.3 Intangible assets

Cost	Tally Software	Tally software upgrade	HR/Payroll module	Product development	Total
	GHS	GHS	GHS	GHS	GHS
1/1/2019	7,685	81,708	26,620	4,298	120,311
Additions	-	-	-	-	-
Additions-WIP	-	-	-	-	-
Disposals/impairment	-	-	-	-	-
Transfers	-	-	-	-	-
31/12/19	7,685	81,708	26,620	4,298	120,311
Amortization					
1/1/2019	7,685	22,513	5,567	-	35,765
Charge for the year	-	4,997	8,873	-	13,870
31/12/19	7,685	27,510	14,440	-	49,635
Net Book Value as at 31 December 2019	-	54,198	12,180	4,298	70,676

2018

Cost	Tally Software	Tally software upgrade	HR/Payroll module	Product development	Total
	GHS	GHS	GHS	GHS	GHS
1/1/2018	7,685	81,708	26,620	4,298	120,311
Additions	-	-	-	-	-
Additions-WIP	-	-	-	-	-
Disposals/impairment	-	-	-	-	-
Transfers	-	-	-	-	-
31/12/18	7,685	81,708	26,620	4,298	120,311
Amortization					
1/1/2018	7,685	-	-	-	7,685
Charge for the year	-	22,513	5,567	-	28,080
31/12/18	7,685	22,513	5,567	-	35,765
Net Book Value as at 31 December 2018	-	59,195	21,053	4,298	84,546

12. Inventories

	2019 GHS	2018 GHS
Stock of Raw Materials	**2,720,731**	2,211,662
Stock of Raw Materials in Transit	**-**	173,696
Stock of Non-trade stock	**670,655**	675,643
Stock of Finished Goods	**1,288,834**	1,401,161
	4,680,220	4,462,162

13. a)Trade and other receivables

	2019 GHS	2018 GHS
Trade receivables	**13,754,222**	11,724,014
Allowance for bad debt(13.b)	**(123,778)**	(155,310)
Other receivables	**734,473**	789,088
Prepayments	**101,040**	78,886
	14,465,957	12,436,678

13. b) Allowance for bad debt

	2019 GHS	2018 GHS
Loss allowance per IFRS 9 at 1 January	**155,310**	132,552
Transition adjustment	**-**	(3,884)
IFRS 9 loss allowance for the year	**(31,532)**	26,642
Loss allowance per IFRS 9 at 31 December	**123,778**	155,310

The average credit period on sales of goods is 218 days. Allowances for doubtful debts are recognised against trade receivables after 365 days based on the amount of expected credit losses using the simplified approach under the IFRS 9 impairment of financial assets. The simplified approach calculates impairment losses as a lifetime expected credit losses. The provision matrix is adopted for the computations.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2019 GHS	2018 GHS
< 30 days	**1,509,449**	952,254
30 to 60 days	**1,393,248**	2,018,832
60 to 90 days	**2,041,842**	1,777,853
90 to 180 days	**4,401,527**	3,137,120
180 to 360 days	**2,892,756**	2,696,675
> 360 days	**1,515,400**	1,141,280
	13,754,222	11,724,014

14. Cash and cash equivalent

	2019 GHS	2018 GHS
Cash account	**5,799**	3,179
Bank account	**675,597**	1,836,431
	681,396	1,839,610

Cash and bank are non-interest bearing.

15a. Stated capital

The authorized share capital is 10 billion.

	2019 No. of Shares	Amount GHS	2018 No. of Shares	Amount GHS
Issued for cash and fully paid	**217,420,877**	**7,683,905**	200,420,877	6,173,301
Preference Shares converted to equity	**20,324,119**	**540,000**	20,324,119	540,000
Transfer from surplus	**-**	**20,000**	-	20,000
Conversion of Debt to Equity	**21,076,250**	**1,820,580**	5,876,250	470,100
Loan converted into equity	**-**	**9,983**	-	9,983
	258,821,246	**10,074,468**	226,621,246	7,213,384

Private placement

1. The company's private placement offering was successfully completed on the 30th April 2019. A total number of shares of 32,200,000 were issued with a total gross consideration of GH¢3,220,000 (Net proceeds of **GHS 2,861,084**). The GH¢3,220,000 is made up of a debt to equity conversion of GH¢1,520,000 into 15,200,000 equity shares and issued for cash of 17,000,000 with a consideration of GH¢1,700,000). These have been duly registered with the Registrar Generals Departments.

2. The company further granted National Investment Bank to convert part of its loan facility of GH¢1,558,709.9 (Gross) into equivalent number of 15,587,100 equity shares in an arrangement that received the approval of the Securities and Exchange Commission. Note 15b below shows the net amount held towards capital.

15b. Deposit for shares

	2019 No. of Shares	Amount GHS	2018 No. of Shares	Amount GHS
Deposit for shares	15,587,100	1,551,983	-	1,701,000
	15,587,100	1,551,983	-	1,701,000

16. Employment benefit obligation

The movement in the net defined benefit liability is as follows:

Employee Obligation	2019 GHS	2018 GHS
At start of year	534,719	1,030,280
Service cost	-	-
Adjustment to payables	-	-
Payment by Employer	(534,719)	(495,561)
At end of year	-	534,719

The company pays its employees a long service benefits. The benefit is paid when employees reach predetermined milestones. The method of accounting and frequency of valuation are similar to the used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. In 2016, management elected to replace the defined benefit scheme with a provident fund scheme (Defined benefit contribution). In 2016, employee obligation was determined based on the collective bargaining agreement effective from 2003, under this agreement a permanent staff is entitled to six (6) weeks annual salary for each year of employment.
In 2017, the employee benefit obligation scheme has been cancelled and replaced by employer and employee contribution scheme (Provident fund) effective 1st January 2017. The accrued liability in respect of the end of service benefits accounted for under the defined benefits scheme has been fully settled in 2019

17a. Bank borrowing

	2019 GHS	2018 GHS
Ecobank Medium Term Loan falling due within year	369,858	-
NIB term loan	-	2,418,144
Ecobank Revolving Short Term Loan	1,537,631	-
	1,907,489	2,418,144

NIB Loan
The term loan from National Investment Bank (NIB) has been partially converted into equity shares under an agreement reached between the parties. The conversion has been duly approved by Securities and Exchange Commission. The remaining balance has been fully settled by cash.

Ecobank Loan
The company also obtained loan facilities from Ecobank Ghana Ltd under the sponsorship of the Government of Ghana Stimulus Package. The loan facilities are primarily to finance the purchase of equipment and for working capital financing. The facilities which have five year duration with one year moratorium are secured at the rate of 20% per annum with Government of Ghana underwriting 50% of the interest cost.

17b. Other borrowings

	2019	2018
	GHS	GHS
Directors short-term loan	-	-
Directors convertible loan	-	520,160
AI Acquisitions Ltd loan	-	1,060,493
JB Asafo Boakye bridged loan	-	14,460
	-	1,595,113

17c. Medium term borrowings

	2019	2018
	GHS	GHS
Ecobank bank term loan falling due after one year	**4,068,435**	-

The Directors loan was advanced to the company by the Chairman of the Board for part payment for the urgent procurement of plant and machinery. In 2019 the principal amount has been duly converted into 5,200,000 equity shares during the company private placement exercise.

The JB Asafo Baokye loan is a short term facility that has interest rate of 24% per annum and a repayment duration of three months. The loan and the accrued interest have been fully settled in 2019

In 2018 AI Acquisitions Ltd advanced a loan of GH¢1,000,000 to the company and the facility was expected to be converted into shares during the opening of the company's private placement offering. The interest rate for the loan was 24% per annum. The loan has been fully converted into 10,000,000 equity shares after the completion of the private placement transaction in April 2019.

18. Trade and other payables

	2019 GHS	2018 GHS
Trade payables	**3,101,414**	2,101,573
Other payables(including Taxes payable)	**2,353,657**	2,213,023
Directors' current account	**34,349**	14,349
Payables for Acquisition of Property Plant and Equipment	**-**	1,684,800
Accrued charges	**355,687**	404,938
Short-term lease obligation	**2,284**	-
	5,847,391	6,418,683

The average credit period on purchases of goods is 3 months. No interest is charged on the trade payables beyond the credit period. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. Financial risk management objective and policy

Introduction and overview

The Company has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Risk Management Committee of the Board assists the Board in carrying out this responsibility. To enable it achieve its purpose, the Committee:

- Reviews and monitors aggregate risk levels in the business and the quality of risk mitigation and controls for all areas of risk to the business
- Makes recommendations to management on areas of improvement
- Informs the Board of progress in implementing improvements.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee of the Board is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in these functions by Internal Audit and Internal Control. Internal Audit and Internal Control undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

All Board committees are made up of non-executive members, with executives in attendance. The committees report regularly to the Board of Directors on their activities.

19.1 Market risk

19.1.1 Foreign currency risk management

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.
There were foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

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The table below summarises the company's exposure to foreign currency exchange rate risk at 31 December 2019. Included in the table are the company's financial instruments, categorised by currency:

2019					TOTAL
ASSETS	**USD**	**EURO**	**CFA**	**GHS**	**GHS**
NON CURRENT ASSETS					
Property, Plant and Equipment	-	-	-	10,642,625	10,642,625
CURRENT ASSETS					
Inventory	-	-	-	4,680,220	4,680,220
Trade and Other Receivables	11,640	-	9,062,390	14,315,724	14,465,957
Cash & Bank	2,568	-	1,696,500	651,118	681,396
Total Assets	**14,208**	**-**	**10,758,890**	**30,289,687**	**30,470,198**
CURRENT LIABILITIES	**USD**	**EURO**	**CFA**	**GHS**	**GHS**
Trade and Other Payables	503,242	12,304	-	2,986,182	5,847,393
Current tax	-	-	-	102,412	102,412
Short term borrowings	-	-	-	1,907,489	1,907,489
Medium term borrowings	-	-	-	4,068,435	4,068,435
Deferred Taxation	-	-	-	813,636	813,636
Lease obligation	-	-	-	34,264	4,264
Total Liabilities	**503,242**	**12,304**	**-**	**9,912,418**	**12,773,629**
TOTAL NET ASSETS	**(489,034)**	**(12,304)**	**10,758,890**	**20,377,269**	**17,696,569**

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2018 ASSETS	USD	EURO	CFA	GHS	TOTAL GHS
NON CURRENT ASSETS					
Property, Plant and Equipment	-	-	-	7,812,086	7,812,086
CURRENT ASSETS					
Inventory	-	-	-	4,462,162	4,462,162
Trade and Other Receivables	11,640	-	9,062,390	12,257,274	12,389,503
Cash & Bank	2,636	-	1,698,772	1,812,637	1,839,610
Total Assets	**14,276**	**-**	**10,761,162**	**26,344,159**	**26,503,361**
CURRENT LIABILITIES	**USD**	**EURO**	**CFA**	**GHS**	**GHS**
Trade and Other Payables	614,328	12,304	-	3,381,698	6,418,683
Current tax	-	-	-	353,404	353,404
Employee Benefit Obligation	-	-	-	534,719	534,719
Borrowings	-	-	-	2,418,144	2,418,144
Other Borrowings	107,917	-	-	1,074,954	1,595,113
Deferred Taxation	-	-	-	757,425	757,425
Total Liabilities	**722,245**	**12,304**	**-**	**8,520,344**	**12,077,488**
TOTAL NET ASSETS	**(707,969)**	**(12,304)**	**10,761,162**	**17,823,815**	**14,425,873**

19.2 Credit risk

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties as well as cash and cash equivalents and deposits with banks and financial institutions.

Collateral held as security and other credit enhancements
There is no collateral held against any of the receivables.

Credit quality

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL–not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades.

	Note	External credit rating	Internal credit	12 month or lifetime	Gross carrying amount	Loss allowance	Net carrying amount
31 Dec,2018					**GHS**	**GHS**	**GHS**
Trade and other receivables	**12**	NA	Performing	12 month	13,754,222	(123,778)	13,630,444

19.3 Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts when necessary.

The Company has an average credit days of 218 days.

Maturity analysis of financial liabilities

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the financial liabilities into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

Less than one year	**2019**	2018
	GHS	GHS
Trade and other payable	**5,847,391**	6,418,683

19.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions requirements for the reconciliation and monitoring of transactions. compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action

- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Management. The results of these reviews are discussed by the Manager of the business unit to which they relate, with summaries submitted to the Senior Management Committee, Audit and Risk Management Committee and the Board.

19.5 Capital management

For the purpose of the Company's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the Company to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20% and 40%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

Fair values of financial assets and liabilities

The fair values of the Company's financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual re-pricing or maturity dates. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the Company at the statement of financial position date.

20. Contingencies and commitments

20.1 Legal proceedings and regulations

The company operates in the Pharmaceutical industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

There are no contingencies associated with the company's compliance or lack of compliance with regulations.

20.2 Capital commitments

The company has no capital commitments at the reporting date.

21. Related party transactions

This relates to transactions with key management personnel.

Transactions with Directors and Key Management Personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Company. These personnel are the Executive Director of the Company.

During the year, National Investment Bank a shareholder and with representation on the Board has converted part of its outstanding loan to the company into equivalent number of 15,587,100 equity shares. These shares are in the process of being registered with the Registrar General Department, hence have been recognised as deposit for shares in the statement of financial position.

The Chairman of the Board Isaac Osei has a loan with the principal outstanding of GHS520, 000 has been converted into 5,200,000 equity shares during the company private placement bringing his total number of shares to 7,700,000.

AI Acquisitions Ltd is a company in which Leon Appenteng (a member of the Board and a shareholder of Intravenous Infusions Plc) has majority shares. AI Acquisitions has converted its loan of GHS1, 000,000 into 10,000,000 equity shares during the private placement offer. In addition in 2018 AI Acquisitions Ltd made a deposit of GHS1, 700,000 into the bank account of Intravenous Infusions at Cal Bank towards acquisition of shares in the Private placement offer.

AI Acquisition has subsequently been issued 17,000,000 in the private placement offer. The total number of shares currently owned by AI Acquisition in the shareholdings of the company is 56,135,330 equity shares making AI Acquisitions Ltd the company number one significant shareholder.

Apart from the above disclosures there were no further related party transactions with companies or customers of the Company where a Director or any connected person is also a director or key management members of the Company.

22. Event after the reporting period

As at the date of the approval of the financial statements, management was in the process of assessing the impact of COVID-19 on its operations. Management, however anticipate that the total impact of this pandemic on its operations are as follows:

1. If the country experience a total lock-down Revenue/Sales is likely to fall.
2. Cost of sales is likely to increase as the world supply chain is likely to affect the global prices of raw materials. The financial effect of the pandemic depends on how long the global community will take to control the virus over the next 3 to 6 months
3. Other cost likely to increase, including an impairment of assets of the company, workers' salaries and emolument, production disruptions.