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**PRESS RELEASE**

**PR. No. 219/2021**

**INTRAVENOUS INFUSIONS PLC –**
**ANNUAL REPORT AND FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2020.**

INTRAVENOUS has released its Annual Reports and Audited Financial Statements for the year ended December 31, 2020 as per the attached.

Issued in Accra, this 28th
Day of May 2021.

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att'd.

Distribution:
1. All LDMs
2. General Public
3. Company Secretary,
4. NTHC Registrars,
5. Custodians
6. Central Securities Depository
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**Head Listing, GSE on 0302 669908, 669914, 669935**
*WA

# Intravenous Infusions Plc

## Annual Report and Financial Statements
## for the year ended 31 December 2020

intellisys

# Intravenous Infusions Plc

Annual Report and Financial Statements for the year ended 31 December 2020

## Index

## General Information

| | |
|---|---|
| **Directors** | Mr. Isaac Osei<br>Prof. (Mrs.) Gladys Amponsah<br>Mr. Leon K. Appenteng<br>Mr. Samuel A. Appenteng<br>Prof. Williams A. Atuilik<br>Nana Osei Owusu Banahene<br>Mr. Emmanuel Blankson (Appointed 10 February 2020)<br>Mr. David Klutse (Resigned 15 May 2020)<br>Mr. Moukhtar Soalihu (Appointed 1 September 2020) |
| **Registered Office** | Plot 4/7<br>Blk L Effiduase<br>P.O.Box KF 63<br>Koforidua |
| **Bankers** | National Investment Bank Limited<br>Agricultural Development Bank Limited<br>CAL Bank Limited<br>Ecobank (Ghana) Limited<br>Ecobank (Cote D'ivoire) Limited<br>Absa Bank Ghana<br>Consolidated Bank Ghana<br>GCB Bank Limited<br>Zenith Bank Limited |
| **Independent Auditors** | Intellisys<br>No. 2 Lardzeh Crescent<br>North Dzorwulu, Accra<br>Near Fiesta Royale Hotel<br>P.O.Box KN 4169<br>Kaneshie - Accra<br>GA196 |
| **Company Secretary** | Dehands Services Limited<br>No.9 Carrot Avenue<br>P.O.Box CT 9347<br>Accra |

## Directors' Report

In accordance with the requirements of section 136 of the Companies Act 2019 (Act 992), we the Board of Directors of Intravenous Infusions Plc submit our report together with the audited financial statements of the Company for the year ended 31 December 2020.

**Statement of Directors' responsibilities**

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content in the presentation of the statement of financial position, results of operations and business of the Company, and explain the transactions and financial position of the business of the Company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Company and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal controls established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors meet these responsibilities, the Board sets standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatements or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the Directors have no reason to believe that the Company will not be a going concern in the foreseeable future.

**1. 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 injectables 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 certified by the Food and Drugs Authority (FDA) and Factory Inspectorate Division. Renewal for those certificates have been obtained for the 2020 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 the 2020 financial year.

## Directors' Report

**2. 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 10 to 38.

| | 2020 GHS | 2019 GHS |
|---|---|---|
| Retained earnings at 1 January | **3,966,998** | 3,090,264 |
| Profit for the year | **1,450,885** | 1,870,608 |
| Dividends paid | **(1,207,397)** | (993,874) |
| Retained earnings as at 31 December | **4,210,486** | 3,966,998 |

**3. Going concern**

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

**4. Events after reporting date**

The Directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Company.

**5. Impact of COVID-19**

The COVID-19 Pandemic which occurred in 2020 resulted in the reduction of revenue of the Company. The Pandemic led to a reduction in demand of infusions as hospitals recorded low level of attendance at the OPD level by patients across all hospitals in Ghana between March and June 2020. The reduction is due to fear among the populace for being tested positive for the virus in view of the stigma that society attaches to the disease and also the government's protocols on the pandemic that included social distancing. Additionally, all the major Teaching and Regional hospitals suspended non-emergency surgeries leading to the reduction in consumption of infusions. These effects reflected in the significant decline in sales during the 3 to 4 months period of the year.

Despite the adverse effect on the demand pattern of infusions, the pandemic created an opportunity in the use of sanitizers. IIPLC has taken advantage of the opportunity to engage in the production of hand sanitizers of various volume sizes. However, on the balance of scale, the negative impact exceeds the positive impact resulting in general loss in revenue across all product areas during the year.

**6. Directors' interest in contracts**

To our knowledge none of the Directors had any interest in contracts entered into 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).

**7. Authorised and issued share capital**

A total of 15,587,100 ordinary shares valued at GHS 1,551,983 was transferred to stated capital upon the completion of the registration process at the Registrar General's Department during the year.

**8. Dividend**

Dividend paid during the year amounted to GHS 1,207,397 (2019: GHS 993,874)

## Directors' Report

**9. Directors**

The Directors of the Company during the year and up to the date of this report are as follows:

| | |
|---|---|
| Mr. Isaac Osei | Chairman |
| Prof. (Mrs.) Gladys Amponsah | Independent Non-Executive Director |
| Mr. Leon K. Appenteng | Non-Executive Director |
| Mr. Samuel A. Appenteng | Non-Executive Director |
| Prof. Williams A. Atuilik | Independent Non-Executive Director |
| Nana Osei Owusu Banahene | Non-Executive Director |
| Mr. Emmanuel Blankson (Appointed 10 February 2020) | Non-Executive Director |
| Mr. David Klutse (Resigned 15 May 2020) | Executive Director |
| Mr. Moukhtar Soalihu (Appointed 1 September 2020) | Executive Director |

**10. Secretary**

The Company designated secretary is Dehands Services Limited.

**11. Corporate Social Responsibility**

The Company donated infusions to Noguchi Memorial Institute to support the testing of the COVID-19 virus. This was done in November 2020.

**12. Corporate Responsibility and Compliance**

The Company is registered with the Environmental Protection Agency (EPA) and has obtained the environmental permit and certificate for the year 2020. The Company submits environmental reports annually as well as environmental management plan every 3 years.

**13. Independent Auditors**

Intellisys were the independent auditors for the year under review. The audit fee payable for the year 2020 was GHS 60,000 (2019: GHS 70,000).

The annual financial statements as set out on pages 10 to 38 were approved by the Board of Directors and signed on their behalf by:

**Director** **Director**

**Date** 14TH MAY **2021**

intellisys

**Chartered Accountants**
No. 2 Lardzeh Crescent
North Dzorwulu
P. O. Box KN 4169
Kaneshie, Accra,
Ghana
GPS: GA-196-3610
Phone +233 (0)302 502801
Email: info@intellisysgh.com

## Independent Auditor's Report

**To the Shareholders of Intravenous Infusions Plc**

### Opinion

We have audited the financial statements of Intravenous Infusions Plc set out on pages 10 to 38, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and 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 the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our 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.

## Independent Auditor's Report (continued)

***Key audit matters (continued)***

| Key audit matter | How we addressed the issue |
|---|---|
| **IFRS 9 Impairment**<br>As described in note 14 to the financial statements, the impairment losses have been determined in accordance with the expected credit loss models set out in IFRS 9 (Financial Instruments).<br>The Calculation of expected credit loss is based on the valuation models used by the Company. The calculation of expected credit loss involves assumptions, estimates and management judgement for example in respect to the probability and amount of the expected credit loss as well as determining significant increases in credit risk.<br><br>Due to the significance of the carrying amount involved, complexity of the accounting methods and management judgement involved, receivables from customers are addressed as a key audit matter. | **Our audit procedures in this area included among others:**<br>• We gained understanding of the Company's key credit processes comprising booking, monitoring and provisioning on receivables.<br>• We reviewed the Company's IFRS 9 based impairment provisioning policy and compared with the requirements of IFRS 9 to check for consistency.<br>• We evaluated the design and tested the implementation of the controls around the calculating and recording of the impairment balance.<br>• We checked the appropriateness of the impairment balance for the year and assessed the accuracy of the disclosures in the financial statements. |

**Other Information**

The Directors are responsible for the other information. The other information comprises the Director's Report, 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.

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, 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.

**Responsibilities of the Directors and those charged with Governance for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019 (Act 992), and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 the Financial Statements

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

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

- Identify and assess the risks of material misstatements 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 controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

## Independent Auditor's Report (continued)

**Report on Other Legal and Regulatory Requirements**

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and

- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is MyraStella Ansah (ICAG/P/1438).

Intellisys

INTELLISYS
(Chartered Accountant)
P. O. BOX KN 4169,
KANESHIE - ACCRA

Intellisys (ICAG/F/2021/078)
Chartered Accountants
No. 2 Lardzeh Crescent
North Dzorwulu, Accra
Near Fiesta Royale

**Dated:** 25th May, **2021**

## Statement of Profit or Loss and Other Comprehensive Income

| Figures in GHS | Notes | 2020 | 2019 |
|---|---|---|---|
| Revenue | | **20,668,656** | 23,085,380 |
| Cost of operations | 5 | **(10,485,928)** | (11,399,528) |
| **Gross profit** | | **10,182,728** | 11,685,852 |
| Other income | 6 | **32,812** | 21,268 |
| Operating and other expenses | 7 | **(7,810,452)** | (8,652,016) |
| **Profit before depreciation, interest and tax (PBDIT)** | | **2,405,088** | 3,055,104 |
| Depreciation and amortization | 8 | **(712,211)** | (494,990) |
| **Profit before interest and tax (PBIT)** | | **1,692,877** | 2,560,114 |
| Finance costs | 9 | **(329,899)** | (259,619) |
| **Profit before tax** | | **1,362,978** | 2,300,495 |
| Income tax credit / (expense) | 10 | **87,907** | (429,887) |
| **Profit for the year** | | **1,450,885** | 1,870,608 |
| Other Comprehensive Income | | **-** | - |
| **Total Comprehensive Income** | | **1,450,885** | 1,870,608 |

## Statement of Financial Position

| Figures in GHS | Notes | 2020 | 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | 13,789,909 | 10,571,949 |
| Intangible assets | 12 | 63,806 | 70,676 |
| | | **13,853,715** | **10,642,625** |
| **Current assets** | | | |
| Inventories | 13 | 6,062,756 | 4,680,220 |
| Trade and other receivables | 14 | 16,389,397 | 14,465,957 |
| Current tax assets | 21 | 64,635 | - |
| Cash and cash equivalents | 15 | 960,949 | 681,396 |
| | | **23,477,737** | **19,827,573** |
| **Total assets** | | **37,331,452** | **30,470,198** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Stated capital | 16 | 11,626,451 | 10,074,468 |
| Deposit for shares | | - | 1,551,983 |
| Capital Surplus | | 2,103,120 | 2,103,120 |
| Retained Earnings | | 4,210,486 | 3,966,998 |
| | | **17,940,057** | **17,696,569** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 17 | 424,590 | 813,636 |
| Lease obligation | 18 | 34,264 | 34,266 |
| Medium term borrowings | 19 | 8,060,063 | 4,068,435 |
| | | **8,518,917** | **4,916,337** |
| **Current liabilities** | | | |
| Trade and other payables | 20 | 7,002,876 | 5,847,391 |
| Current tax liabilities | 21 | - | 102,412 |
| Medium term borrowings | 19 | 3,869,602 | 1,907,489 |
| | | **10,872,478** | **7,857,292** |
| **Total liabilities** | | **19,391,395** | **12,773,629** |
| **Total equity and liabilities** | | **37,331,452** | **30,470,198** |

**Director**

14TH MAY **,2021**

**Date**

**Director**

14TH MAY **, 2021**

**Date**

## Statement of Changes in Equity

| Figures in GHS | Stated capital | Capital Surplus | Deposit for shares | Retained Earnings | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2020** | **10,074,468** | **2,103,120** | **1,551,983** | **3,966,998** | **17,696,569** |
| Converted to equity | **1,551,983** | - | **(1,551,983)** | - | - |
| Dividends | - | - | - | **(1,207,397)** | **(1,207,397)** |
| Profit for the year | - | - | - | **1,450,885** | **1,450,885** |
| **Balance at 31 December 2020** | **11,626,451** | **2,103,120** | - | **4,210,486** | **17,940,057** |
| | | | | | |
| **Balance at 1 January 2019** | 7,213,384 | 2,468,400 | 1,701,000 | 3,090,264 | 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 of deposit for shares | (189,396) | - | - | - | (189,396) |
| Share issues | 1,350,480 | - | - | - | 1,350,480 |
| Profit for the year | - | - | - | 1,870,608 | 1,870,608 |
| **Balance at 31 December 2019** | **10,074,468** | **2,103,120** | **1,551,983** | **3,966,998** | **17,696,569** |

## Statement of Cash Flows

| Figures in GHS | Notes | 2020 | 2019 |
|---|---|---|---|
| **Cash flows (used in) / from operations** | | | |
| **Profit before tax** | | **1,362,978** | **2,300,495** |
| **Adjustments to reconcile profit** | | | |
| Adjustments for depreciation and amortisation expense | 11 | 712,211 | 494,990 |
| Profit from disposal of Non-current asset | | - | (3,000) |
| Adjustments for increase in inventories | 13 | (1,382,536) | (218,058) |
| Adjustments for increase in trade and other receivables | 14 | (1,923,440) | (2,029,279) |
| Adjustments for increase in trade and other payables | 20 | 1,155,483 | 1,113,508 |
| Adjustments for Employees benefit obligation | | - | (534,719) |
| **Total adjustments to reconcile profit** | | **(1,438,282)** | **(1,176,558)** |
| **Net cash flows (used in) / from operations** | | **(75,304)** | **1,123,937** |
| Income taxes paid | 21 | (468,184) | (624,668) |
| **Net cash flows (used in) / from operating activities** | | **(543,488)** | **499,269** |
| **Cash flows used in investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | - | 3,000 |
| Purchase of property, plant and equipment | 11 | (3,916,301) | (5,341,345) |
| Purchase of intangible assets | 12 | (7,000) | - |
| **Cash flows used in investing activities** | | **(3,923,301)** | **(5,338,345)** |
| **Cash flows from financing activities** | | | |
| Proceeds from other financial liabilities | 19 | 5,953,741 | 4,900,811 |
| Cash deposit for share/(refunds) | | - | (1,000) |
| Payment of share issue costs | | - | (225,077) |
| Dividend paid | | (1,207,397) | (993,874) |
| **Cash flows from financing activities** | | **4,746,344** | **3,680,860** |
| **Net increase / (decrease) in cash and cash equivalents** | | **279,555** | **(1,158,216)** |
| Cash and cash equivalents at beginning of the year | | 681,394 | 1,839,610 |
| **Cash and cash equivalents at end of the year** | **15** | **960,949** | **681,394** |

# Accounting Policies

## 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 intravenous infusions and small volume injectables for therapeutic purposes.

## 2. Statement of compliance

The annual financial statements of the Company have been prepared in accordance with the Companies Act, 2019 (Act 992) and all applicable International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants, Ghana.

### Basis of preparation

The annual financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS). The annual financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Company's functional currency is the Ghana Cedis (GHS). Financial information presented in Ghana Cedis are rounded to the nearest whole number.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the annual financial statements are disclosed in note 4.

The estimates and underlying assumptions are reviewed on an ongoing concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 3. Summary of significant accounting policies

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

### 3.1 Fair value measurement

Fair value of 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.

## Accounting Policies

***Summary of significant accounting policies continued...***

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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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 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 of 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 reassessing 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

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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.

All sales made during the year was on the local market (i.e. There were no exports during the year).

### 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 capcity) 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 measured.

### 3.5 Property, Plant and Equipment

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

## Accounting Policies

***Summary of significant accounting policies continued...***

Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation reserve / capital surplus in equity. However, to the extent that it reverses a revaluation deficit on the same asset previously recognised in profit or loss, the increase is recognised in profit or 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.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to income surplus.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and available for use. Land is not depreciated as it is deemed to have an indefinite life. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

The major categories of property, plant and equipment are depreciated at the following rates:

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

### 3.6 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.

## Accounting Policies

***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 gives 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 financial assets; and
- the contractual terms of the financial asset gives 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.

**3.6.1 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 clows, 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.

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.

## Accounting Policies

***Summary of significant accounting policies continued...***

**3.6.2 Debt instruments classified as at FVTOCI**

Corporate debts are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amounts of these corporate debts 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 carriying amounts 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.

**3.6.3 Equity instruments designated 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 recognised 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 recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not to 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 recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

**3.6.4 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 of 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.

## Accounting Policies

***Summary of significant accounting policies continued...***

### 3.6.5 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 expected credit lossess (ECL) for trade receivables, contract assets and lease receivables. The ECL 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 is possible within 12 months after the reporting date.

### 3.6.6 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 organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

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 debtors' ability to meet its debt obligations.

## Accounting Policies

***Summary of significant accounting policies continued...***

### 3.6.7 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.

### 3.6.8 Derecogntion 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 a transferred asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

In contrast, on derecognition 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 investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

### 3.6.9 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 unit's (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. 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.

## Accounting Policies

***Summary of significant accounting policies continued...***

Impairment losses of continuing operations, including impairment on inventories are recognised in the statement of profit or loss in exepense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluatin 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 indications exist, 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 revalued amount, in which case, the reversal is treated as a revaluation increase.

### 3.7 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 consists of cash and short-term deposits, as defined above, net of outstanding Company overdrafts.

### 3.8 Provisions

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 pf profit or loss net of any reimbursement.

### 3.9 Income taxation

Current taxation liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the statement of financial position date. Current taxation is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period.

Income taxation for the year includes current taxation and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss, except to the extent that the taxation arises from a transaction or event which is recognised directly in equity. In the case of the taxation relating to items that are recognised directly to equity, current taxation and deferred taxation are also recognised directly to equity.

#### Deferred tax

Deferred taxation assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation assets also arise from unused taxation losses and unused taxation credits.

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

## Accounting Policies

***Summary of significant accounting policies continued...***

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred taxation asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates and taxation laws that have been enacted or substantively enacted by the statement of financial position date. Deferred taxation assets and liabilities are not discounted.

### 3.10 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company'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 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 recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

**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 (IASB) are effective for the 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.

## Accounting Policies

***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 venture; (ii) scope of paragraph 52 of IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property and 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 Company's financial statements.

***Impact of initial application of IFRS 9 Financial Instruments***

In the current year, the Company 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 allows an entity not to restate comparatives, but to recognise 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 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 recognition (i.e. the date on which the Company has assessed its existing financial assets and 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.

## Accounting Policies

***Summary of significant accounting policies continued...***

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 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 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 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.

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.

## Accounting Policies

***Summary of significant accounting policies continued...***

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

1) Debt investments measured susequently at amortised 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 recogntion (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 FVTPL attributable to changes in the credit risk of the issuer.

Accordingly, this aspect of the application of IFRS 9 requires that 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.

## Accounting Policies

***Summary of significant accounting policies continued...***

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 designated as at FVTPL at the date of initial application of IFRS 9.

**(e) 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 form Contract 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 IFRS15: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 postion. The Company has adopted the terminology used by IFRS 15 to describe such balances.

The Company's accounting policies for its revenue streams are disclosed in detail in note 3.2 above. 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.

**Impact of initial application of IFRS 16 Leases**
In the year 2019, 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.

## Accounting Policies

***Summary of significant accounting policies continued...***

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. 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 1Jannuary 2019.

The Company has applied IFRS 16 without using the full retrospective approach, since the Company lease period commences 2019 which coincides 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 14.

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 of IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

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

(b) Recognizes 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 recognized 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, amortized as a reduction of rental expenses genereally on a staright-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 recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

## Accounting Policies

***Summary of significant accounting policies continued...***

*(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 recognizes 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's financial statements.

### (c) Impact of 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).

### (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** | **31/12/2020**<br>**GHS** | 31/12/2019<br>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 31-Dec-19 | As previously reported<br>GHS | IFRS 16 adjustments<br>GHS | As restated<br>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 |

## Accounting Policies

***Summary of significant accounting policies continued...***

| | As previously reported | IFRS 16 adjustments | As restated |
|---|---|---|---|
| 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:**

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 34,264. It also resulted in annual depreciation of GHS 3,397 and interest expense of GHS 6,853.

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

Under IFRS 16, lessees must present:
(i) 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.
(ii) Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Company has opted to include interest paid as part of financing activities); and
(iii) 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.

### 4. Critical accounting judgements and key sources of estimation uncertainty

The Company's management makes assumptions, estimates and judgements in the process of applying the Company's accounting policies that affect the assets, liabilities, income and expenses in the annual financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While management reviews its judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1 Useful lives of property, plant and equipment

The Company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The Directors will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non strategic assets that have been abandoned or sold. The rates are set out in note.

As described 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 Board determined that the useful lives of certain items of equipment should be extended due to the current assets still being in use.

## Accounting Policies

***Critical accounting judgements and key sources of estimation uncertainty continued...***

### 4.2 Income taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws and the amount of 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 amounts of such provisions are 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 of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company.

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 level of future taxable profits together with future tax planning strategies.

## Notes to the Financial Statements

| Figures in GHS | 2020 | 2019 |
|---|---|---|
| **5. Cost of operations** | | |
| Stock of raw materials at 1 January | **2,720,731** | 2,385,358 |
| Non-trade stock at 1 January | **670,655** | 675,643 |
| Purchases of raw materials & non-trade stock | **8,219,123** | 7,950,075 |
| Stock of raw materials at 31 December | **(3,809,999)** | (2,720,731) |
| Non-trade stock at 31 December | **(835,813)** | (670,655) |
| Direct labour | **1,754,948** | 1,661,461 |
| Factory overheads | **1,894,393** | 2,006,050 |
| Stock of finished goods 1 January | **1,288,834** | 1,401,161 |
| Stock of finished goods at 31 December | **(1,416,944)** | (1,288,834) |
| | **10,485,928** | 11,399,528 |

| Figures in GHS | 2020 | 2019 |
|---|---|---|
| **6. Other income** | | |
| Profit from disposal of motor vehicle | - | 3,000 |
| Others | **32,812** | 18,268 |
| | **32,812** | 21,268 |

| Figures in GHS | 2020 | 2019 |
|---|---|---|
| **7. Operating and other expenses** | | |
| Audit fees | **60,000** | 70,000 |
| Directors` emoluments | **795,095** | 469,993 |
| Donations and subscriptions | **36,789** | 25,308 |
| Other operating expenses | **5,814,515** | 6,641,045 |
| Provision for doubtful debts | **18,122** | (31,532) |
| Provision for judgement debt | **12,366** | - |
| Salaries & wages - Key Management Personnel | **1,073,565** | 1,477,202 |
| | **7,810,452** | 8,652,016 |

**8. Depreciation and amortization**

Depreciation and amortization on property, plant and equipment for the year amounted to GHS 712,211 (2019: GHS 494,990). Refer to note 11 & 12 for details.

| Figures in GHS | 2020 | 2019 |
|---|---|---|
| **9. Finance costs** | | |
| Loan interest | **323,046** | 257,335 |
| Lease obligations | **6,853** | 2,284 |
| | **329,899** | 259,619 |

| Figures in GHS | 2020 | 2019 |
|---|---|---|
| **10. Income tax (credit) / expense** | | |
| Current tax (Note 21) | **301,139** | 373,676 |
| Deferred tax (Note 17) | **(389,046)** | 56,211 |
| | **(87,907)** | 429,887 |

### Property, plant and equipment

**Balances at year end and movements for the year**

| | Leasehold land & building | Plant, machinery & equipment | Motor vehicles | Furniture and fittings | Work in progress | Spare parts | Total |
|---|---|---|---|---|---|---|---|
| **Reconciliation for the year ended 31 December 2020** | | | | | | | |
| **Balance at 1 January 2020** | | | | | | | |
| At cost | 1,911,433 | 3,184,661 | 702,681 | 792,129 | 6,881,336 | 168,225 | **13,640,465** |
| Accumulated depreciation | (457,586) | (1,616,750) | (400,949) | (492,294) | - | (100,937) | **(3,068,516)** |
| **Net book value** | **1,453,847** | **1,567,911** | **301,732** | **299,835** | **6,881,336** | **67,288** | **10,571,949** |
| **Movements for the year ended 31 December 2020** | | | | | | | |
| Additions | 8,058 | 9,214 | 47,024 | 133,533 | 3,718,472 | - | **3,916,301** |
| Depreciation | (88,317) | (365,825) | (93,090) | (134,286) | - | (16,823) | **(698,341)** |
| Transfers | 737,628 | 501,393 | - | - | (1,239,021) | - | **-** |
| **Property, plant and equipment at the end of the year** | **2,111,216** | **1,712,693** | **255,666** | **299,082** | **9,360,787** | **50,465** | **13,789,909** |
| **Closing balance at 31 December 2020** | | | | | | | |
| At cost | 2,661,500 | 3,695,268 | 749,943 | 925,662 | 9,360,787 | 168,225 | **17,561,385** |
| Accumulated depreciation | (550,284) | (1,982,575) | (494,277) | (626,580) | - | (117,760) | **(3,771,476)** |
| **Net book value** | **2,111,216** | **1,712,693** | **255,666** | **299,082** | **9,360,787** | **50,465** | **13,789,909** |

## Notes to the Financial Statements

**Figures in GHS**

***Property, plant and equipment continued...***

| Reconciliation for the year ended 31 December 2019 | Leasehold land & building | Plant, machinery & equipment | Motor vehicles | Furniture and fittings | Work in progress | Spare parts | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2019** | | | | | | | |
| At cost | 3,694,382 | 5,187,928 | 657,652 | 735,250 | - | 168,225 | **10,443,437** |
| Accumulated depreciation | (396,220) | (1,421,323) | (353,729) | (380,263) | - | (84,114) | **(2,635,649)** |
| **Net book value** | 3,298,162 | 3,766,605 | 303,923 | 354,987 | - | 84,111 | **7,807,788** |
| **Movements for the year ended 31 December 2019** | | | | | | | |
| Additions | 154,915 | 25,045 | 53,138 | 75,760 | 3,381,950 | - | **3,690,808** |
| Reclassification to WIP | (1,568,204) | (1,931,182) | - | - | 3,499,386 | - | **-** |
| Depreciation | (65,746) | (231,192) | (55,329) | (112,030) | - | (16,823) | **(481,120)** |
| Disposals | (10,220) | - | - | - | - | - | **(10,220)** |
| Transfers | (355,060) | (61,365) | - | (18,882) | - | - | **(435,307)** |
| **Property, plant and equipment at the end of the year** | 1,453,847 | 1,567,911 | 301,732 | 299,835 | 6,881,336 | 67,288 | **10,571,949** |
| **Closing balance at 31 December 2019** | | | | | | | |
| At cost | 1,911,433 | 3,184,661 | 702,681 | 792,129 | 6,881,336 | 168,225 | **13,640,465** |
| Accumulated depreciation | (457,586) | (1,616,750) | (400,949) | (492,294) | - | (100,937) | **(3,068,516)** |
| **Net book value** | 1,453,847 | 1,567,911 | 301,732 | 299,835 | 6,881,336 | 67,288 | **10,571,949** |

### 12. Intangible assets

**Reconciliation of changes in intangible assets**

| | Tally software | Tally software upgrade | HR/Payroll module | Product Development | Total |
|---|---|---|---|---|---|
| **Reconciliation for the year ended 31 December 2020** | | | | | |
| **Balance at 1 January 2020** | | | | | |
| At cost | 7,685 | 81,708 | 26,620 | 4,298 | 120,311 |
| Accumulated amortisation | (7,685) | (27,510) | (14,440) | - | (49,635) |
| **Net book value** | - | 54,198 | 12,180 | 4,298 | 70,676 |
| **Movements for the year ended 31 December 2020** | | | | | |
| Acquisitions through internal development | - | - | - | 7,000 | 7,000 |
| Amortisation | - | (4,997) | (8,873) | - | (13,870) |
| **Intangible assets at the end of the year** | - | 49,201 | 3,307 | 11,298 | 63,806 |
| **Closing balance at 31 December 2020** | | | | | |
| At cost | 7,685 | 81,708 | 26,620 | 11,298 | 127,311 |
| Accumulated amortisation | (7,685) | (32,507) | (23,313) | - | (63,505) |
| **Net book value** | - | 49,201 | 3,307 | 11,298 | 63,806 |
| **Reconciliation for the year ended 31 December 2019** | | | | | |
| **Balance at 1 January 2019** | | | | | |
| At cost | 7,685 | 81,708 | 26,620 | 4,298 | 120,311 |
| Accumulated amortisation | (7,685) | (22,513) | (5,567) | - | (35,765) |
| **Net book value** | - | 59,195 | 21,053 | 4,298 | 84,546 |
| **Movements for the year ended 31 December 2019** | | | | | |
| Amortisation | - | (4,997) | (8,873) | - | (13,870) |
| **Intangible assets at the end of the year** | - | 54,198 | 12,180 | 4,298 | 70,676 |
| **Closing balance at 31 December 2019** | | | | | |
| At cost | 7,685 | 81,708 | 26,620 | 4,298 | 120,311 |
| Accumulated amortisation | (7,685) | (27,510) | (14,440) | - | (49,635) |
| **Net book value** | - | 54,198 | 12,180 | 4,298 | 70,676 |

## Notes to the Financial Statements

| Figures in GHS | 2020 | 2019 |
|---|---|---|
| **13. Inventories** | | |
| Raw materials | **3,809,999** | 2,720,731 |
| Non-trade stock | **835,813** | 670,655 |
| Finished goods | **1,416,944** | 1,288,834 |
| | **6,062,756** | 4,680,220 |
| **14. Trade and other receivables** | | |
| Trade receivables | **14,307,758** | 13,754,222 |
| Other receivables | **2,144,190** | 734,473 |
| Allowance for bad debt | **(141,900)** | (123,778) |
| | **16,310,048** | 14,364,917 |
| Prepayments | **79,349** | 101,040 |
| | **16,389,397** | 14,465,957 |

**Allowance for bad debt**

| | | |
|---|---|---|
| Loss allowance per IFRS 9 at 1 January | **123,778** | 155,310 |
| IFRS 9 loss allowance for the year | **18,122** | (31,532) |
| Loss allowance per IFRS 9 at 31 December | **141,900** | 123,778 |

Allowances for doubtful debts are recognised against trade receivables 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 recoverable.

| | | |
|---|---|---|
| < 30 days | **2,633,646** | 1,509,449 |
| 30 to 60 days | **4,693,754** | 1,393,248 |
| 60 to 90 days | **1,311,510** | 2,041,842 |
| 90 to 180 days | **3,878,800** | 4,401,527 |
| 180 to 360 days | **1,790,048** | 2,892,756 |
| > 360 days | **-** | 1,515,400 |
| | **14,307,758** | 13,754,222 |

**15. Cash and cash equivalents**

| | | |
|---|---|---|
| Cash on hand | **9,399** | 5,799 |
| Balances with banks | **951,550** | 675,597 |
| | **960,949** | 681,396 |

## Notes to the Financial Statements

| Figures in GHS | 2020 | 2019 |
|---|---|---|

### 16. Stated capital

| | No. of shares | Amount (GHS) | No. of shares | Amount (GHS) |
|---|---|---|---|---|
| Issued for cash and fully paid | **217,420,877** | **7,683,905** | 217,420,877 | 7,683,905 |
| 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 | **36,663,350** | **3,372,563** | 21,076,250 | 1,820,580 |
| Loan converted into equity | - | **9,983** | - | 9,983 |
| | **274,408,346** | **11,626,451** | 258,821,246 | 10,074,468 |

### 17. Deferred tax liabilities

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:

| | 2020 | 2019 |
|---|---|---|
| At start of the year | **813,636** | 757,425 |
| Income statement charge | **(389,046)** | 56,211 |
| At end of year | **424,590** | 813,636 |

### 18. Lease obligation

| | 2020 | 2019 |
|---|---|---|
| At 1 January | **34,266** | - |
| Addition | - | 34,266 |
| Lease interest for the year | **6,853** | - |
| Payment | **(6,855)** | - |
| | **34,264** | 34,266 |

This represents the present value of discounted cashflow from a right of use asset (leased land) at year end.

### 19. Medium term borrowings

| | 2020 | 2019 |
|---|---|---|
| Ecobank bank term loan falling due after one year | **8,060,063** | 4,068,435 |
| | **8,060,063** | 4,068,435 |

**Medium term borrowings (current)**

| | 2020 | 2019 |
|---|---|---|
| Ecobank Medium term loan falling due within one year | - | 369,858 |
| Ecobank Revolving short term loan | **3,869,602** | 1,537,631 |
| | **3,869,602** | 1,907,489 |

The Company 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.

## Notes to the Financial Statements

| Figures in GHS | 2020 | 2019 |
|---|---|---|
| **20. Trade and other payables** | | |
| Trade payables | **3,421,304** | 3,101,414 |
| Directors' current account | **63,849** | 34,349 |
| Other payables (including taxes payable) | **3,222,497** | 2,353,657 |
| Short-term lease obligation | **9,139** | 2,284 |
| Accrued charges | **286,087** | 355,687 |
| | **7,002,876** | 5,847,391 |

**21. Current tax assets and liabilities**

| | Balance at January | Paid during the year | Profit or loss account | Balance at December |
|---|---|---|---|---|
| | GHS | GHS | GHS | GHS |
| Up to 2017 | (192,062) | - | - | **(192,062)** |
| 2018 | 218,926 | - | - | **218,926** |
| 2019 | 75,548 | - | - | **75,548** |
| 2020 | - | (468,186) | 301,139 | **(167,047)** |
| | **102,412** | **(468,186)** | **301,139** | **(64,635)** |

**22. Related party transactions**

During the year, the Company gave out loans to some members of staff.
The total amount of outstanding balances due from related parties at the year end are as follows:

| | 2020 | 2019 |
|---|---|---|
| Staff | **35,883** | 48,574 |

The total remuneration of Directors and other key management staff including allowances during the year are as follows:

| | 2020 | 2019 |
|---|---|---|
| Directors | **795,095** | 469,993 |
| Key management personnel | **1,073,565** | 1,477,202 |
| | **1,868,660** | 1,947,195 |

**23. Contingencies and commitments**

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.

The Company had commitments towards the construction of a new factory and purchase of new equipments to boost productivity. This is being funded through a medium-term loan from Ecobank Ghana. The balance on the medium-term loan at 31st December 2020 was GHS 8,060,063 (2019: GHS 4,068,435).

**24. Events after the reporting date**

No events occurred during the year 31 December 2020 and the date the Directors aprroved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 10 to 38 or the continued existence of the Company as a going concern.

## Notes to the Financial Statements

| Figures in GHS | 2020 | 2019 |
|---|---|---|

### 25. Going concern

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

### 26. Approval of annual financial statements

These financial statements were approved by the Board of Directors and authorised for issue on

14TH MAY, 2021