



Fidson Healthcare Plc
...We value life

FIDSON HEALTHCARE PLC
Lagos, Nigeria
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2019

Table of Contents

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7

FIDSON HEALTHCARE PLC
Unaudited report and financial statements
For the period ended 30 June 2019
Statement of profit or loss and other comprehensive income

	Notes	2019		2018	
		Current period	Cummulative Period	Prior year	Cummulative Period
		April - June	Jan - June	April - June	Jan - June
		₦'000	₦'000	₦'000	₦'000
Revenue	3	3,833,715	7,371,152	3,822,115	7,432,486
Cost of sales	4	(2,011,670)	(4,054,745)	(2,101,413)	(3,974,272)
Gross profit		1,822,046	3,316,407	1,720,702	3,458,214
		-	-	-	-
Other operating income		71,534	129,502	36,665	66,037
Other operating expenses	5	(1,224)	(5,414)	(16,179)	(16,179)
Administrative expenses	6	(858,054)	(1,512,297)	(421,856)	(1,127,126)
Selling and distribution expenses	7	(367,134)	(655,536)	(618,962)	(1,141,763)
Operating profit		667,167	1,272,662	700,370	1,239,183
		-	-	-	-
Finance costs	8	(503,543)	(896,867)	(233,915)	(483,906)
Finance Income		29,086	29,994	2,080	11,489
Profit before tax		192,710	405,789	468,535	766,766
		-	-	-	-
Income tax expense		(61,667)	(129,852)	(149,931)	(245,365)
Profit for the period		131,043	275,937	318,604	521,401
		-	-	-	-
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		131,043	275,937	318,604	521,401

Statement of financial position
As at 30 June 2019

	Notes	June, 2019 ₦'000	December, 2018 ₦'000
<u>Assets</u>			
Non Current Assets			
Property, plant and equipment	10	12,574,413	12,371,006
Investment Property	10a	34,045	34,504
Intangible asset	11	52,185	54,475
Available for sale	12	3,960	4,610
Loans and receivables	12b	16,786	50,038
Other Non-Current Financial Asset	13	407,626	393,209
Total Non Current Assets		13,089,015	12,907,842
Current assets			
Inventory	14	3,486,947	2,875,133
Trade and other receivables	15	4,274,135	3,803,982
Prepayment	16	89,194	354,294
Cash and cash equivalent	17	2,888,809	542,074
Total Current Assets		10,739,085	7,575,483
Total Assets		23,828,100	20,483,325
<u>Liabilities and Equity</u>			
Non Current Liabilities			
Interest Bearing Loans and borrowings long term	18	2,878,290	1,124,287
Obligation under finance lease due after one year	19	192,652	213,180
Retirement benefit obligations	26	300,957	300,957
Government Grant	20	354,167	156,068
Deferred revenue	21	11,084	-
Deferred tax liabilities	21b	999,167	999,167
Total Non Current Liabilities		4,736,317	2,793,659
Current Liabilities			
Trade and other payables	23	4,352,299	3,682,712
Interest Bearing Loans and borrowings	18b	3,938,936	4,708,688
Bank Overdraft	25a	610,797	571,653
Other financial liabilities	24	65,000	1,094,789
Obligation under finance lease due within one year	19a	112,846	190,919
Government Grant	20	92,001	150,161
Deferred revenue	21	1,583	1,000
Income tax payable	22	193,738	93,797
Unclaimed dividend	27	41,447	42,166
Total Current Liabilities		9,408,647	10,535,885
Total Liabilities		14,144,963	13,329,544
Equity			
Issued capital	28a	1,043,180	750,000
Share premium	28b	4,933,932	2,973,043
Retained earnings	28c	3,706,510	3,430,573
Available for sales reserve	29	(485)	165
Equity attributable to shareholders		9,683,137	7,153,781
Total Equity		9,683,137	7,153,781
Total Liabilities and Equity		23,828,100	20,483,325



Fidelis Ayebae
Managing Director/CEO
FRC/2014/CIANG/00000002376

19th July, 2019



Olakunle Ajayi
Head, Accounting & Reporting
FRC/2018/ICAN/00000018533

Statement of changes in equity

	SHARE CAPITAL N'000	SHARE PREMIUM N'000	RETAINED EARNINGS N'000	AVAILABLE-FOR- SALE RESERVE N'000	TOTAL N'000
At 1 January 2019	750,000	2,973,043	3,430,573	165	7,153,781
Profit for the year	-	-	275,937	-	275,937
Addition	293,180	1,960,889	-	-	2,254,069
Other comprehensive income for the year, net	-	-	-	(650)	(650)
Total comprehensive Income for the year	-	-	275,937	(650)	2,529,356
Dividends	-	-	-	-	-
At 30 June 2019	1,043,180	4,933,932	3,706,510	(485)	9,683,137
At 1 January 2018	750,000	2,973,043	3,899,194	683	7,622,920
Profit for the year	-	-	521,401	-	521,401
Other comprehensive income for the year, net	-	-	-	-	-
Total comprehensive Income for the year	-	-	521,401	683	521,401
Dividends	-	-	-	-	-
At 30 June 2018	750,000	2,973,043	4,420,595	683	8,144,321

Statement of cash flows

	30/06/19	30/06/18
	N'000	N'000
Operating activities:		
<i>Profit before tax from continuing operations</i>	405,789	766,767
	-	-
Non cash adjustment to reconcile profit before tax to net cash flows		
<i>Depreciation and impairment of Property Plant and Equipment</i>	429,280	345,631
<i>(Impairment reversal)/ Loss</i>	-	-
<i>Gain/Loss on disposal of Asset</i>	(46)	(4,558)
<i>Inventory Write-off</i>	-	-
<i>Exchange Loss</i>	-	-
<i>Depreciation and impairment of Investment Property</i>	459	459
<i>Grant Income</i>	(81,352)	(45,991)
<i>Ammortisation and impairment of Intangible Assets</i>	31,879	17,976
<i>Interest income on loans and receivables</i>	(29,994)	(13,352)
<i>Interest income on fixed deposit</i>	-	(881)
<i>Finance Costs</i>	896,867	483,906
<i>Employee benefit expense</i>	-	-
<i>Amortisation of Intangible Assets</i>	(1,000)	(1,000)
	-	-
Changes in operating assets and liabilities:		
<i>(Increase) / Decrease in trade and other receivables</i>	(470,153)	(1,170,683)
<i>Decrease /(Increase) in prepayments</i>	265,100	(18,803)
<i>Decrease /(Increase) in Inventories</i>	(611,814)	(996,015)
<i>Increase/ (Decrease) in government grant</i>	221,290	-
<i>Increase / (Decrease) in Trade and other payables</i>	669,587	543,766
<i>Movement in deferred revenue</i>	-	-
	953,219	(92,778)
	-	-
<i>Income tax paid</i>	(29,911)	(54,875)
<i>Benefits paid</i>	0	(4,944)
Net cash flow from Operating activities	923,308	(152,598)
	-	-
Cash flows from investing activities		
<i>Purchase of Property, Plant & Equipment</i>	(635,120)	(114,883)
<i>Addition to Intangible Assets</i>	(29,589)	(9,774)
<i>Interest income received</i>	29,994	11,489
<i>Addition to loans and receivables</i>	(252,269)	(325,448)
<i>Drawdown on loans and receivables</i>	285,521	324,421
<i>Proceeds from sale of property, plant and equipment</i>	-	-
<i>Investment in other financial assets</i>	(285,521)	(324,421)
<i>Liquidation of investment in Other financial asset</i>	289,329	327,551
Net cash (utilised)/ provided by investing activities	(597,655)	(111,065)
	-	-
Cash flows from financing activities		
<i>Payments of finance lease liabilities</i>	(78,073)	(253,575)
<i>Interest paid on loans & Borrowings</i>	(896,867)	(483,906)
<i>Dividend paid</i>	-	-
<i>Refund of Dividend</i>	(719)	(13,944)
<i>Proceed from loans & borrowings</i>	2,623,051	2,500,000
<i>Loan Repayment</i>	(1,870,027)	(520,179)
Net cash (utilised)/ provided by financing activities	1,981,939	1,228,396
	-	-
Net (decrease)/ increase in cash & cash equivalents	2,307,592	964,733
<i>Net foreign exchange difference</i>	-	-
<i>Cash & cash equivalent at 1 Jan</i>	(29,580)	(595,163)
	-	-
Cash & cash equivalent at 30 June 2019	2,278,012	369,570

Notes to the financial statements**1.0 corporate information**

The company was incorporated as a private limited liability Company on 13 March 1995 and commenced business activities on 15 March 1995. The principal activities of the Company include manufacturing and distribution of pharmaceutical products. The company's shares were quoted the Nigerian Stock Exchange on 5 June, 2008. The issued share capital is held as to 38.86% directly by the Directors, 5.74% indirectly by the Directors and 54.94% by the Nigerian Public.

1.1 Composition of the financial statements

The Consolidated and Separate Financial statements are drawn up in Naira, the functional currency of Fidson Healthcare Plc. In accordance with IFRS accounting presentation, the Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cashflows
- Notes to the Financial Statements.

1.2 Financial period

These Financial Statements cover the financial year ended 31 December 2018 with comparative amounts for the year ended 31 December 2017.

2.0 Significant accounting policies**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for certain available-for-sale financial assets which have been measured at fair value. The financial statements are presented in the Nigerian Naira and all values are rounded to the nearest thousands (₦'000), except when otherwise indicated.

2.2 Summary of significant accounting policies

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

Notes to the financial statements**2.2.1 Current versus non-current classification**

The company presents assets and liabilities in statement of financial position based on current/non current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
Held primarily for the purpose of trading
Expected to be realised within twelve months after the reporting period

Or

Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle
It is held primarily for the purpose of trading
It is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.2 Fair value measurement

The company measures some financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 41a.

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Refer to Note 42b for fair value hierarchy.

Notes to the financial statements**2.2.3 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods to its customers. The customers are classified as institutional customers and trade customers. Goods sold by the Company are pharmaceutical products manufactured by Fidson Healthcare Plc under various licensing agreements.

Interest income

For all financial instruments measured at amortised cost, interest income or expense is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.

Dividends

Dividends are recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

The Company recognises revenue from the following major sources:

- Sale of Ethical Products
- Sale of Over the Counter (OTC) products.
- Sale of Paper Products and Diapers.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

2.2.4 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy in Note 2.2.12 (ii).

Notes to the financial statements

2.2.5 Taxes

Current income tax

The income tax assets or liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA) 2007 at 30% of total profit after deducting capital allowances and loss relief. Education tax is also assessed at 2% of the assessable profits.

Current income tax relating to items recognised outside the profit or loss are recognised outside profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to the financial statements

2.2.5 Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax on items recognised in the profit or loss is also recognised in the profit or loss, while deferred tax on items recognised outside the profit or loss is also recognised outside the profit or loss.

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

Value Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of Value Added Tax (VAT), except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.2.6 Foreign currency transaction

Foreign currency transactions are converted into the functional currency, the Nigerian Naira at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency interbank rate of exchange ruling at the reporting date in accordance with the Central Bank of Nigeria guidelines. Any exchange gains or losses arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.2.7 Property plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, net of accumulated depreciation and/or accumulated impairment loss, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long term projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful lives. Land and capital work-in-progress are not depreciated. The attributable cost of each item of capital work-in-progress is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. The normal expected useful lives for the major categories of property, plant and equipment are:

Notes to the financial statements

2.2.7 Property plant and equipment (cont'd)

	Years
Land	Nil
Buildings	50
Plant and machinery - Head Office	4
Plant and machinery - Factory	5 to 10
Office equipment	4 to 10
Furniture and fittings	8
Motor vehicles	4 to 6
Infusion	25
Capital work-in-progress (WIP)	Nil

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying amounts may not be recoverable.

Impairment losses and reversals of impairment losses are recognised in the profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.2.8 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The company as a lessee

Finance leases transfer to the Company substantially all the risks and rewards incidental to ownership of the leased asset.

The assets are measured at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss.

The capital element of assets under finance lease is capitalised along with the Company's property, plant and equipment and depreciated at the same rates for assets of that category, or over the lease term, where the lease term is shorter than the assets' useful lives.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Notes to the financial statements

2.2.8 Leases (cont'd)

The company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental income is recognized as income on a straight line basis over the lease term.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms, and is included in revenue in the profit or loss due to its operational nature.

2.2.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

2.2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

The investment properties are subject to annual depreciation charge of 2% on a straight line basis.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change.

If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Notes to the financial statements**2.2.11 Intangible assets**

Product licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The company makes upfront payments to purchase product licences. The product licenses are held on various pharmaceutical products sold by the Company and have licence years that range from 2 to 5 years. The licences may be renewed by the Company at the expiration of the license period.

Intangible assets with finite lives are amortised over the useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

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

Amortisation is calculated using the straight-line basis to write down the cost of intangible assets to their residual values over their estimated useful lives.

An intangible asset is derecognised on disposal or when no future economic benefit are expected from use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the intangible asset and recognised in the statement of profit or loss when the asset is derecognised

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- It is probable that the asset will generate future economic benefit.
- The availability of resources to complete the asset

Following the completion of research and development, it is transferred to another asset which is then depreciated, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Notes to the financial statements

2.2.11 Intangible assets

Licences

The Company made upfront payments to purchase licences. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences.

Trademark

The Company made upfront payments to purchase trademarks. The trademarks have been granted for a period of 5-10 years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years.

A summary of the policies applied to the Company's intangible assets is, as follows:

	Licences	Trademarks	Software
Useful lives	Finite (Over 5 years)	Finite (Over 5-10years)	Finite (Over 4 years)
Amortisation method used	Amortised on a straight line basis over the period of the licence amortisation	Amortised on a straight line basis over the period of the trademark amortisation	Amortised on a straight line basis over the period of the software amortisation
Internally generated acquired	Acquired or	Acquired	Acquired

2.2.12 Financial instruments: - Initial recognition and subsequent measurement

(i) **Financial assets**

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through the profit or loss, directly attributable transaction costs. The company's financial assets include held-to-maturity investments, available-for-sale financial investments, and loans and other receivables.

b) Subsequent measurement

The subsequent measurement of financial assets within the scope of IAS 39 depends on their classification as follows:

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss as finance costs.

Included in this classification are trade and other receivables.

Notes to the financial statements

2.2.12 Financial instruments: - Initial recognition and subsequent measurement (cont'd)

b) Subsequent measurement (cont'd)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment.

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

Available-for-sale financial investments (AFS)

Available-for-sale financial investments are equity investments. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised in Other Comprehensive Income and credited in the available for sale reserve until the investment is derecognised at which time the cumulative gain or loss is recognised in other operating income or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

This is based on the presumption that the transaction to sell the asset takes place in the primary market for the asset.

c) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the financial statements

2.2.12 Financial instruments: - Initial recognition and subsequent measurement (cont'd)

c) Impairment of financial assets

Financial assets carried at amortized cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on a loan and receivable or a held-to-maturity asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss.

In the case of trade receivables, allowance for impairment is made where there is evidence of a risk of non-payment, taking into account aging, previous experience and general economic conditions.

Trade and other receivables

Trade receivables are carried at original invoice amount less any allowance for impairment. When a trade receivable is determined to be uncollectable, it is written off, firstly against any provision available and then to the profit or loss.

The allowance for doubtful accounts involves management's judgment and review of the individual receivable balances based on an individual customer's prior payment record, current economic trends and analysis of historical bad debts of a similar type.

Subsequent recoveries of amounts previously provided for are credited to the profit or loss in the year of recovery.

Impairment on available-for-sale financial investments

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the year in which the fair value has been below its original cost.

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

Notes to the financial statements

2.2.12 Financial instruments: - Initial recognition and subsequent measurement (cont'd)

d) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities

a) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through the profit or loss and loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, interest bearing loans and borrowings, other financial liabilities, and bank overdraft.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance costs. In the case of trade and other payables, the amortised cost equals the nominal value.

Notes to the financial statements

2.2.12 Financial instruments: - Initial recognition and subsequent measurement (cont'd)

ii) Financial liabilities (cont'd)

c) Derecognition of financial liabilities

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

iii) Offsetting of financial instruments

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

2.2.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials are stated at purchase cost on the weighted average basis.
- Finished goods and work in progress: Cost in this case consists of direct purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present condition and location. Finished goods are valued using weighted average cost
- Goods in transit are valued at the invoiced price.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2.14 Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

Notes to the financial statements

2.2.14 Impairment of non-financial assets (cont'd)

Impairment losses of continuing operations, are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

2.2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.2.16 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.2.17 Pension and other post-employment benefits

Retirement benefit Schemes

The gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur. Actuarial gains and losses are not reclassified to the profit or loss in subsequent years.

Notes to the financial statements

2.2.17 Pension and other post-employment benefits (cont'd)

Pension

The company operates a defined contribution plan in line with the provisions of the Pension Reform Act 2014 as amended. This plan is in proportion to the services rendered to the Company by the employees with no further obligation on the part of the Company. The company and its employee contribute 10% and 8% respectively of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recorded as personnel expenses in the profit or loss.

Past service costs are recognized in the profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs and gains and losses on curtailments
- Net interest expense or income

Short term benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short term cash-bonus plans if the Company has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

2.2.18 Dividends

Dividends on ordinary shares are recognised as a liability when they are approved by the Company's shareholders at the Annual General Meeting. Dividends are recognised, when they are paid. Dividends for the year that are approved after the reporting date are disclosed in the financial statements as a non-adjusting event.

Notes to the financial statements

2.2.19 Segment reporting

For management purposes, the Company is organised into business units based on its products and has two reportable segments as follows:

- The over-the-counter segment, which represent the products that may be sold directly to the consumer without a prescription.
- Ethical products segment, which are drugs, injectables and infusion which would be sold to the consumer only on the possession of a valid prescription.
- Consumer segment, which represent household items was introduced in 2016.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and cost of sales. The Executive Management Committee monitors the operating results of the whole business for the purpose of making decisions about resource allocation and performance assessment.

Notes to the financial statements

	Jun-19	Jun-18
	N'000	N'000
Revenue		
3 Over The Counter(OTC)	3,586,379	3,347,604
Ethical	3,782,264	4,034,654
Consumer	2,509	50,228
	7,371,152	7,432,486
4 Cost of Sales		
Over The Counter(OTC)	1,679,028	1,549,472
Ethical	1,748,824	1,702,263
Consumer	1,150	32,888
Depreciation of Factory PPE	259,216	236,626
Energy	154,787	267,755
Personel cost	156,625	115,261
Other Factory Overheads	55,115	70,007
	4,054,745	3,974,272
The depreciation in relation to the factory has been included in the cost of sales.		
5 Other Operating Income		
Amortisation of government grant	-	-
Other operating income	98,433	51,741
Rental Income	166	
Exchange gain	-	
Gain on disposal of PPE	46	
sales of scrap	15,476	14,297
Toll manufacturing Income	15,381	
	129,502	66,038

Notes to the financial statements

6 Other Operating Expenses

Inventory Write off	-	-
Gift and Donation	5,414	16,179
	5,414	16,179

7 Administrative Expenses

SALARIES & ALLOWANCES	597,925	172,344
ENERGY	85,357	129,555
REPAIR & MAINT M/V	112,008	120,174
REPAIR & MAINT. - OTHERS	84,734	113,613
INSURANCE	55,082	34,267
TRAVELLING & ENTERTAINMENT	89,649	127,143
DEPRECIATION	202,403	127,439
AUDIT & ACCOUNTANCY	6,000	6,000
LEGAL EXPENSES	9,193	8,042
ASSOCIATION & MEMBERSHIP / PUBLIC PERMIT DUES	49,342	16,774
CONFERENCES & WORKSHOPS	1,750	11,157
CONSULTANCY	41,205	17,999
TELEPHONE, INTERNET & POSTAGES	17,106	23,516
OFFICE SUPPLIES	3,930	20,682
NEWSPAPER & PERIODICALS	205	213
PRINTING & STATIONERY	20,448	14,469
TRAINING & DEVELOPMENT	14,100	10,280
AUXILLARY MATERIALS & TOOLS	30,420	39,088
CANTEEN EXPENSES	25,597	28,219
CORPORATE SOCIAL RESPONSIBILITY	4,613	8,360
OUTSOURCED CLEANING & SECURITY EXPENSES	14,112	12,856
BANK ADMINSTRATIVE FEES	21,409	-
DEBT EXP. & COLLECT. REL. COST	16,619	84,936
AGM EXPENSES	-	-
NON- EXECUTIVE DIRECTORS EXPENSES	9,090	-
	1,486,588	1,127,126

8 Selling & Distribution Expenses

Promotion and advertisement	64,819	383,516
Sales expense	352,974	610,611
Logistic Expenses	237,743	147,637
	655,536	1,141,764

9 Finance Costs

Interest on Bank Loan	896,867	483,906
-----------------------	----------------	----------------

Notes to the financial statements

10 Property Plant and Equipment:

COST	LAND & BUILDING	MOTOR VEHICLE	OFFICE EQUIPMENT	PLANT & MACHINERY	FURNITURE & FITTINGS	CONSTRUCTION WIP	TOTAL
	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>	<i>N'000</i>
<i>At 1 January 2019</i>	9,145,542	1,075,223	886,836	3,384,245	223,864	441,511	15,157,221
<i>Additions</i>		153,794	3,804	618	1,544	475,360	635,120
<i>Disposals</i>		(5,870)		(3,587)			(9,457)
<i>At 30 June 2019</i>	9,145,542	1,223,147	890,640	3,381,276	225,408	916,871	15,782,884
DEPRECIATION							
<i>At January 1, 2019</i>	637,118	704,169	482,029	851,422	111,477		2,786,215
<i>Charges for the Year</i>	76,988	51,317	113,872	106,471	80,632		429,280
<i>Disposals</i>		(5,577)		(1,448)			(7,025)
<i>At 30 June 2019</i>	714,106	749,910	595,901	956,445	192,109		3,208,470
CARRYING VALUE							
<i>At 30 June 2019</i>	8,431,436	473,238	294,739	2,424,831	33,299	916,871	12,574,413
<i>At 31 December 2018</i>	8,508,424	371,054	404,807	2,532,823	112,387	441,511	12,371,006

Notes to the financial statements

	Jun-19	Dec-18
	N'000	N'000
10a Investment Property		
<i>Ecomed</i>		
Cost at beginning	48,376	48,376
Additions		
Cost at end of year	48,376	48,376
Accumulated depreciation at beginning	(13,872)	(12,954)
Charge for the period	(459)	(918)
Carring amount	34,045	34,504
11 Intangible assets		
<i>Product licences</i>		
Cost at beginning of year	208,176	178,978
Cost capitalised- Addition	29,589	29,198
Derecognition of licences no longer in use		
Cost at end of month	237,765	208,176
 <i>Amortisation at beginning of year</i>	 153,701	 118,794
<i>Amortisation</i>	31,879	34,907
<i>Derecognition of licences no longer in use</i>	-	
<i>Amortisation at end of month</i>	185,580	153,701
Carring value	52,185	54,475
 Depreciation and amortization		
11a Depreciation of property, plant and equipment (Note 10)	428,821	639,849
Depreciation of property, plant and equipment included in cost of sales Note 4	(259,216)	(441,020)
	169,605	198,829
Depreciation of investment property (Note 10a)	459	918
Amortization of intangible assets (Note 11)	31,879	34,907
	201,943	234,654

Notes to the financial statements

12 Financial Assets

The company's financial instruments are summarised by categories as follows:

a Available-for-sale financial assets	3,960	4,610
Loans & receivables	16,786	50,038
Fixed Deposit		-
	20,746	54,648

The following table compares the fair values of the financial instruments to their carrying values:

Available -for-sale financial assets

Quoted Equity

Zenith Bank Plc	3,960	4,610
Total available-for-sale financial assets	3,960	4,610

b Loans and receivables

Investment with CardinalStone Partners

At 1 January	50,038	47,805
Additions	252,269	612,201
Drawdown	(285,521)	(633,510)
Interest accrued	-	3,542
sinking fund	-	20,000
	16,786	50,038

CardinalStone Partners Limited is the portfolio management and custodial service provider for the company towards meeting its payment on the bond. The company on a weekly basis remits money to CardinalStone Partners Limited. CardinalStone Partners Limited is however to disburse funds on monthly basis into the transition account maintained by the Bond Trustee (ALM Trustees)

13 Other Non-Current Financial Asset (ALM Trustees)

At 1 January	393,209	294,423
Additions	285,521	629,170
Drawdown	(289,329)	(635,575)
Accrued Interest	18,225	23,316
Other Investment	-	81,875
	407,626	393,209

ALM Trustee are the Bond Trustees for the issuance of N2bn bond by Fidson(issuer). Under the bond agreement, the issuer is required to fund a reserve account with an amount equal to the interest payable on the next payment date. Thereafter, upon the expiration of the moratorium period the issuer shall fund the reserve account on the first business day of each month with an amount equal to 1/6th of the principal payable on the next payment date. The fund is investible by the Bond Trustee and the issuer is restricted from assessing the fund including the accrued interest throughout the 5 year life of the Bond.

Notes to the financial statements

14 Inventories

Finished goods	2,002,226	715,621
Goods in transit	927,176	105,797
Raw & Packaging Materials	484,397	1,079,451
Work in progress	25	161,752
Other Inventory - Diesel & Spare parts	73,123	-
	3,486,947	2,062,621

15 Trade and other receivables

a Receivables from related parties

Trade receivables (b)	3,826,004	3,459,354
Other receivables (c)	448,131	344,628
	4,274,135	3,803,982

Other receivables relate to withholding tax, VAT receivables and staff advances. These are not interest bearing and repayment is within 1 year.

b As at 30th June 2019, trade receivables of an initial value of N556,938 were impaired and provided for. See the below for the movements in the provision for impairment of receivables.

	<i>Individually Impaired</i>
At 1 January 2018	358,447
Adjusted upon application of IFRS 9 net of tax	100,853
Charge for the year	81,466
Write off	(429)
At 31 December, 2018	540,337
At 1 January 2019	540,337
Write off of receivables	-
Charge for the year	16,601
At 30 June 2019	556,938

c Other receivables

Withholding tax receivables	239,806	235,627
Value added tax	-	-
Sundry debtors and Staff loans	208,325	109,123
	448,131	344,750

Notes to the financial statements

16 Prepayment

Advance to suppliers	-	242,914
Other prepayments	89,194	111,380
	89,194	354,294

This represents advances made to suppliers for the purchase of factory equipment. Other prepayments include prepaid advert, prepaid insurance and prepaid rent.

17 Cash and cash equivalents

Cash at hand	3,065	277
Bank	2,506,275	257,089
Short-term deposits(including demand and time deposits)	379,469	284,708
Total cash and cash equivalents	2,888,809	542,074

Short-term deposits are made for varying years of between one day and three months, depending on the immediate cash requirements of the company and weighted average interest rate is at 2.5%.

Short term deposits are made for varying years between one day and three month, depending on the immediate cash requirements of the company and weighted average interest rate is at 2.5%.

For the purpose of cash flows, cash and cash equivalents consist of:

	2019	2018
Bank overdraft	(610,797)	(571,653)
cash and cash equivalents	2,888,809	542,074
	2,278,012	(29,579)

18 Interest Bearing Loans and borrowings

a Interest Bearing Loans and borrowings (Non-Current Portion)

Access Bank (CBN Intervention Loan)	37,509	37,509
RSSF	917,171	917,171
Bank of Industry	1,900,974	146,971
Bond to Investors	-	-
Fidelity Bank (FPL)	22,636	22,636
	2,878,290	1,124,287

b Interest Bearing Loans and borrowings(Current Portion)

Access Bank (CBN Intervention)	25,068	53,611
Bank of Industry	296,087	530,567
Bond to Investors	236,869	483,904
Fidelity Bank	21,774	41,100
RSSF	279,779	416,667
Short term borrowings (a)	3,079,358	3,182,841
	3,938,936	4,708,690

Notes to the financial statements

a Short term borrowings is as follows:

Other Short term borrowings	1,833,970	2,223,227
GDL	343,655	-
CSP	-	-
GTB short term loan	-	-
GTB IFF	250,000	150,000
Access IFF	217,257	192,446
FCMB Bankers Acceptance	269,679	335,949
SC IFF	-	167,509
FSDH IFF	67,480	113,710
FIDELITY IFF	97,317	-
	3,079,358	3,182,841

19 Obligation under finance lease due after 1 year

The company has entered into commercial leases on certain motor vehicles. These leases have an average life of between three and five years with no restrictions placed upon the company by entering into these leases.

Mini Lease Payt

Finance lease are analysed as follows:

Current Obligations	112,846
Non Current Obligations	192,652
	305,498

20 Government Grant

At 1 January	306,229	235,106
Additions	221,291	212,794
Released to the income Statement	(81,352)	(141,671)
At 30 June 2019	446,168	306,229
Current	92,001	150,161
Non-current	354,167	156,068
	446,168	306,229

This represents the grant elements of CBN intervention and BOI loans, after the loans were re-measured using effective interest rate. The government grants have been recognised in the statement of financial position and it is being amortised through profit or loss on a systematic basis over the tenure of the loan.

21 Deferred revenue

At 1 January	1,000	3,000
Addition	12,667	-
Released to profit or loss	(1,000)	(2,000)
	12,667	1,000
Current	1,583	1,000
Non-current	11,084	-

Notes to the financial statements

	<u>12,667</u>	<u>1,000</u>
<i>This represents deferred rental income from an insignificant portion of the company's building held to earn rentals.</i>		

22 Taxation

a Current tax payable

<i>At the beggining of the year</i>	93,797	149,261
<i>Charge for the year/Provision</i>	129,852	89,411
<i>Payments made on-account during the year</i>	(29,911)	(144,875)
	<u>193,738</u>	<u>93,797</u>

b Deferred tax liability

Statement of Financial Position

<i>At the beggining of the year</i>	999,167	817,544
<i>Amount recorded in the income statement</i>	-	168,903
<i>Amount recorded in other comprehensive income</i>	-	12,720
<i>Deferred tax liability</i>	<u>999,167</u>	<u>999,167</u>

23 Trade and other payables

<i>Trade payables</i>	2,284,551	1,690,445
<i>Accruals</i>	760,140	512,637
<i>Other payables 22(a)</i>	463,935	631,575
<i>Payables to other shareholders of Fidson Products Limited</i>	843,673	843,673
	<u>4,352,299</u>	<u>3,678,330</u>

a Other Payables

<i>Other Creditors</i>	242,660	315,585
<i>Withholding tax</i>	128,260	105,774
<i>Staff advance</i>	12,277	-
<i>Directors Current Account</i>	44,620	183,011
<i>PAYE</i>	9,061	11,016
<i>NSITF</i>	796	837
<i>Staff Cooperative</i>	53	251
<i>NHF</i>	309	368
<i>Vat Payable</i>	40	14
<i>Staff Pension Fund</i>	4,939	10,233
<i>Dividend payable</i>		
<i>Non Executive Directors</i>	15,000	4,000

Notes to the financial statements

General Manager	5,920	485
	463,935	631,574

24 Other current financial liabilities

Commercial paper	65,000	1,094,789
<i>The fair value of the commercial paper is as stated.</i>		

25 Cash and cash equivalents in Statements of cash flows

Cash and cash equivalents (note 13)	2,888,809	542,074
Bank Overdraft (a)	(610,797)	(954,819)
	2,278,012	(412,745)

a Bank Overdraft Accounts

Access Bank	(119,246)	(147,611)
FCMB Account 2	(61,442)	(87,114)
UBA Account 3		(402,848)
FSDH	(82,156)	
GTB	(246,784)	(256,639)
Standard Chartered Bank		(60,607)
Fidelity Bank	(101,169)	
	(610,797)	(954,819)

26 Retirement benefit obligations

The company has discontinued its defined benefit gratuity effective 31st December 2013.

The scheme was non-contributory and was classified as other employment benefits in line with IAS 19

Benefit asset / (liability)

Defined benefit obligation	300,957	300,957
Benefit liability	300,957	300,957

27 Unclaimed Dividend

Notes to the financial statements

Unclaimed Dividend	<u>41,447</u>	<u>42,166</u>
--------------------	---------------	---------------

Unclaimed dividend relates to dividend paid in the prior year which was returned by the registrar as they remained unclaimed by the beneficiaries.

28 Share capital and reserves

Authorised and issued share capital

Authorised share capital

2,400,000,000 ordinary shares of 50k each	<u>1,200,000</u>	<u>1,200,000</u>
---	------------------	------------------

a Issued and fully paid:

2,086,360,250 ordinary shares of 50k each	<u>1,043,180</u>	<u>750,000</u>
---	------------------	----------------

b Share premium

<u>4,933,932</u>	<u>2,973,043</u>
------------------	------------------

Share premium arose as a result of premium paid on increase in share capital of 50k from 200,000,000 to 1,500,000,000 ordinary shares in November 2007 and premium paid on increase in share capital via right issue from 1,500,000,000 to 2,086,360,250 ordinary shares in April 2019.

c Retained earnings

<u>3,706,510</u>	<u>3,430,573</u>
------------------	------------------

29 Available for sale reserve

At 1 January	165	683
Other comprehensive income for the year, net	<u>(650)</u>	<u>(518)</u>
	<u>(485)</u>	<u>165</u>

Gain or loss on disposal of equity available for sale financial asset is not taxable. Hence, no deferred tax was recognised for fair value gain or loss. This is to aid any user of this report not familiar with Nigerian tax laws.