

EKOCORP PLC
FINANCIAL STATEMENTS
31 DECEMBER 2019

Corporate information

Directors	Dr. Sony Folorunso Kuku, OFR, FAS Dr. Amaechi A. Obiora FRCS Prof. J.O.Irukwu, OON, SAN Pastor S.O. Nathaniel Dr. G.C. Ohen, Jr. FAGP Mr. Olusegun Olusanya Mr. Uzochukwu Eneli Dr. George Okpagu	- Chairman - Director - Director - Director - Director - Director - Director - Director (appointed 06 September 2019)
Registered Office	The Eko Hospital 31, Mobolaji Bank Anthony Way Ikeja, Lagos	
Company Secretary	Joyce Ndidiamaka Modilim 31, Mobolaji Bank Anthony Way Ikeja, Lagos	
Registrar	GTL Registrars Limited 274, Muritala Muhammed way Alagomeji, Yaba Lagos	
Auditors	BDO Professional Services 15 CIPM Avenue Central Business District , Alausa Ikeja Lagos	
Solicitors	Umudjoro & Co. 4 Otunba Oshikoya Drive Off Mobolaji Bank Anthony Way Ikeja Lagos	
Bankers	Fidelity Bank Plc Zenith Bank Plc Access Bank Plc United Bank for Africa Plc Ecobank Nigeria Limited First Bank of Nigeria Limited Union Bank of Nigeria Plc Polaris Bank Limited First City Monument Bank Plc Wema Bank Plc Sterling Bank Plc Jubilee Life Savings and Loans Limited	

Global economic growth remained lacklustre during the year under review mainly as a result of heightened uncertainty surrounding geopolitics and trade. Major issues slowing down economic growth include delays in resolving Brexit; increasing barriers to trade amongst countries (notably the US-China trade tensions); persistent microeconomic strains on emerging market economies that may be attributable to idiosyncratic and structural factors; and aging demographics in some advanced economies. Nigeria's growth was projected to increase from 1.9% in 2018 to 2.3% in 2019, as a result of the impact of recovering oil production and prices, economic diversification from the oil sector to agricultural sector, and growth in the financial sector. Whereas inflation rate in Nigeria trended upwards slightly from 11.4% at end-of-year 2018 to 11.9% as at December 2019, the exchange rate remained stable during the year.

Productivity in the real sector is expected to be supported by government spending on infrastructure and Government interventions in growth-stimulating sectors. Specifically, the renewed focus of the CBN in improving credit delivery to the agricultural sub-sectors as well as Micro, Small and Medium Enterprises (MSMEs) through its funds would further help to sustain the growth trajectory. To this end, the Company is dedicated to sourcing cheaper funds for the acquisition of more modern equipment, upgrading the quality of equipment and improvement of the ambience of the hospital to compete with world-class facilities.

Although the Company's turnover dipped by 15%, we are positive of a dramatic improvement in the coming year as a result of some deliberate actions and programmes currently being executed. The Transformation agenda currently being executed by the new Management and strongly backed by the Board is partly geared towards helping the nation to reverse Medical Tourism and reduce brain drain but most importantly helping to transform the Company's operations and service delivery through renewal and rebranding efforts.

The recent acquisition of a very robust, world class GammaBeam 300 Equinox machine with 3-D Conformal Radiation Therapy for cancer treatment, which is a major reason why Nigerians leave the shores of the country for medical care, will continue to position us as a leader in the healthcare sector. Furthermore, the renewed drive of our committed and experienced workforce puts us on the right pedestal for continuous growth and development, while delivering exceptional service.

We appreciate all our highly valued shareholders and other stakeholders for their continued support at all times even as we forge ahead to execute the bold transformation plan already in place.



The Olorogun Dr. Sonny F. Kuku, OFR, FAS
Chairman Board of Directors

DIRECTORS' REPORT

The Directors present their report of the Company for the year ended 31 December 2019. The Company has prepared these Financial Statements in accordance with International Financial Reporting Standards, and the requirements of the Companies and Allied Matters Act (CAMA) CAP C20 LFN 2004 of Nigeria and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

Legal Form

EKOCORP Plc started off as Mercy Specialist Hospital in 1977 and was incorporated on the 9th February 1982 as a Private Company Limited by Shares. In view of the desire to make the Public beneficial owners of the Hospital, it became a Public Liability Company (PLC) in 1991 and by 1994 the name changed to EKOCORP PLC. The Corporate Affairs Commission, Abuja by its Letter dated 3rd January, 1995 confirmed the change of name.

Principal Activities

The principal activity of the Company is to carry on the business of health care delivery. All personnel requiring licenses to practise their various professions in the Hospital were so licensed by the various Regulatory Bodies. The Hospital is also affiliated to the Obafemi Awolowo College of Health Science of Olabisi Onabanjo University to enhance research and improved services.

State of Affairs

In the opinion of the Directors, the state of the Company's affairs was satisfactory and no events have recurred since the Financial Position date which would affect the Financial Statements as presented.

Operating Results

Highlights of the Company's Operating Results for the Year under review are as follows:

	31 December 2019 N'000	31 December 2018 N'000
Revenue	1,251,252	1,472,720
Loss Before Tax	(281,393)	(225,735)
Tax expense	(11,010)	(102,733)
Loss After Tax	(292,403)	(328,468)
Other Comprehensive Income	(21,378)	-
Total Comprehensive Income	(313,781)	(328,468)

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on Page 5.

Board of Directors

The Directors who held Office during the year are:

Dr. Sony Folorunso KUKU, OFR, FAS

Dr. George Okpagu (appointed 19 September 2019)

Dr. Amechi A. OBIORA, FRCS

Mr. Uzochukwu Eneli

Prof. Joseph O. IRUKWU, OON, SAN

Pastor S.O. NATHANIEL

Dr. Geoffrey C. OHEN Jr. FAGP

Mr. Olusegun OLUSANYA

Directors

The Director's interest in the issued and fully paid Share Capital of the Company as recorded in the Members Register for the purpose of Section 275 of the Companies and Allied Matters Act CAP C20 LFN 2004 and as disclosed in accordance with the listing requirement of the Nigerian Stock Exchange is shown below:

ANALYSIS OF SHAREHOLDINGS

Direct Shareholders	2019		2018	
	Share Structure	%	Share Structure	%
Dr. Sony Folorunso KUKU, OFR, FAS	56,370,485	49.91	56,370,485	49.91
Dr. Amechi A. OBIORA, FRCS	56,370,485	49.91	56,370,485	49.91
Dr. Geoffrey C. OHEN Jr. FAGP	143,715	0.13	143,715	0.13
Prof. Joseph O. IRUKWU, OON, SAN	51,269	0.05	51,269	0.05
Pastor S.O. NATHANIEL	-	-	-	-
Dr. Geoffrey C. OHEN Jr. FAGP	-	-	-	-
Mr. Olusegun OLUSANYA	-	-	-	-
	<u>112,935,954</u>	<u>100</u>	<u>112,935,954</u>	<u>100</u>
Indirect Share Holders	2019		2018	
	Share Structure	%	Share Structure	%
Mr. Uzochukwu Eneli (Representing the Estate of Eneli (Chief) Alex C)	56,370,485	17.47	56,370,485	17.47
Geoff Ohen Limited * * *	265,198,960	82.19	265,198,960	82.19
Pastor S.O. Nathaniel (Shogunle & Thomas Janet Modupeore (Admor) & Shogunle Nathaniel Decd)	1,085,562	0.34	1,085,562	0.34
	<u>322,655,007</u>	<u>100</u>	<u>322,655,007</u>	<u>100</u>

*** There are issues in litigation and with regulatory authorities on a portion of the shareholding

NIGERIANS HOLD ONE HUNDRED PERCENT OF THE SHARES OF THE COMPANY

Substantial Interest in Shares

The following Shareholders of the Company held more than 5% of the issued Share Capital of the Company as at 31 DECEMBER 2019.

Shareholders	Number of Sares	% of Holding
Geoff Ohen Limited * * *	265,198,960	53.19
Estate of Eneli (Chief) Alex C	56,370,485	11.31
Dr. Amechi A. OBIORA, FRCS	56,370,485	11.31
Dr. Sony Folorunso KUKU, OFR, FAS	56,370,485	11.31

There are Litigation with Regulatory Authorities on a portion of the Shareholding

Statistical Analysis of Shareholdings

The Registrar advised that the range of Shareholding is as follows:

Range	No. of Holders within the Range	% Holding	Value of Units within the Range	% Holdings
1 - 1,000	4,029	44.02	2,060,849	0.41
1,001 - 5,000	3,926	42.89	8,275,181	1.66
5,001 - 10,000	584	6.38	3,900,172	0.78
10,001 - 50,000	507	5.54	9,762,191	1.96
50,001 - 100,000	44	0.48	2,929,288	0.59
100,001 - 500,000	46	0.50	9,251,693	1.86
500,001 - 1,000,000	6	0.07	4,311,817	0.86
1,000,001 - 5,000,000	6	0.07	16,905,502	3.39
5,000,001 - 10,000,000	1	0.01	6,665,038	1.34
10,000,001 - and above	4	0.04	434,539,175	87.15
	<u>9,153</u>	<u>100</u>	<u>498,600,906</u>	<u>100</u>

Acquisition of Shares

The Company did not purchase any of its own Shares during the year.

Directors' Interest in Contracts

None of the Directors notified the Company for the purpose Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004 of any other declarable interest in Contracts which the Company is involved as at 31 December 2019.

Capital Commitment

All capital expenditures for which, approval had been given by the Directors as at 31 December 2019 have been provided for in the Financial Statements. There were no other capital commitments of material nature approved by the Board of Directors as at statement of financial position date.

Property, Plant and Equipment

Movements in the Property, Plant and Equipment of the Hospital during the year are shown in **Note 15 on Page 27**.

Investment - (Available-for-Sale Financial Assets)

The Company's only Investment Portfolio is long-term investment in a Health Management Organization (Clearline) offering related specialty services so as to earn income and also have special access to the complementary/ ancillary services rendered by the organization. The Company is neither a Subsidiary nor Associate of Ekocorp Plc. The investment is in unquoted companies and have been valued at their Historical Costs less provision for any diminution in their value.

	2019	2018
	₦	₦
Clearline	<u>500,000</u>	<u>500,000</u>

Employment of Physically Challenged Person

It is the policy of the Company that there is no unfair discrimination in considering applications for employment including those from physically challenged Persons. All Employees whether or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

Employment Policies

The Company places considerable value on the involvement of its employees and maintains an effective communication with all employees who, subject to practical considerations, are consulted on and involved in decisions that affect their current jobs or future prospects. The Company accordingly holds regular staff meetings to discuss the Company's day to day operations, business focus and staff welfare issues.

Events After the Reporting Year

As stated in **Note 36**, no Events or Transactions have accrued after the Reporting Period which would have had a material effect on the Financial Statements as presented.

Format of Financial Statements

The Financial Statements are presented in accordance with the Reporting and Presentation Requirements of the International Financial Reporting Standards (IFRSs) and Companies and Allied Matters Act CAP C20 LFN 2004. The Directors consider the format adopted as the most suitable for the Company.

Health, Safety at Work and Welfare of Employees

Health and Safety regulations are in force within the Company's Premises and Employees are aware of existing Regulations. The Company provides subsidies to all levels of Employee for Medical, Lunch, Housing and Contributory Pension Scheme.

Training & Development

Training Courses are geared towards the developmental needs of Staff and the improvement in their skills set to face the increasing challenges required for better performance on their jobs. The Company ensures that Staff receive continuous on-the-job training and also attend Training Courses and Conferences in developing their Skills.

Donation

The Company made the following donations during the Financial Year ended 31 December, 2019:

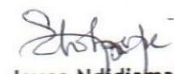
	N
(i) Emola Estrome	100,000
(i) Independent Shareholders Association of Nigeria	200,000

Independent Auditors

The Auditors, Messrs BDO Professional Services, having indicated their willingness to continue in Office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their Remuneration.

By order of the Board

Date: 24th March, 2020


Joyce Ndidiamaka Modilum
Company Secretary
FRC/2018/NBA/00000017914
Ikeja, Lagos
Nigeria

Ekocorp Plc is committed to manage the Hospital with best policies, procedures and practice in corporate governance. It recognizes that corporate governance is fundamental to earning the confidence and trust of the shareholders. It provides the structure through which the objectives of the Company are set and the means of attaining such objectives. The Board's oversight functions on corporate governance are constantly reviewed in line with the dynamics of business environment.

The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the company's business is conducted in a fair, honest, humane and transparent manner which conforms to high business ethical standards and also aligns the management of the Hospital with the interest of all stakeholders. This, eventually results in mutually beneficial relationship and long-term growth and development. The governance framework helps the Board to discharge its duties of providing oversight and strategic counsel in balance with its responsibility to ensure conformity with regulatory requirements and acceptable risk.

The Board of Directors

Presently, the Company's Board of Directors is made up of seven (7) Directors (including the chairman). Appointment to the board is made by Shareholders at the Annual General Meeting on the recommendation of the Board of Directors. The Board delegates the day-to-day running of the Hospital's affairs to the Acting Chief Executive Officer. The Acting Chief Executive Officer is supported in this assignment by the Executive Management in place whilst the Board governs and supervises the overall activities of the Hospital through the Acting Chief Executive Officer.

Responsibility of the Board of Directors

It is the responsibility of the Board of Directors, among other things, to:

- a. Prepare the Annual Financial Statements of the Company that give a true and fair view in accordance with International Financial reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011;
- b. Maintain adequate Accounting Records as required by the Companies and Allied Matters Act Cap C20, Law of the Federation of Nigeria, 2004 and for such Internal Controls as they determine necessary to enable the preparation of Financial Statements that are free from material misstatement whether due to fraud or error;
- c. Ensure that the Company's Operations are conducted in a fair, honest, humane and transparent manner that conforms to high business ethical standards;
- d. Ensure integrity of the Company's Financial and Internal Control Policies.
- e. Ensure the accuracy, adequacy and timely rendition of the Statutory Returns and Financial Reporting to the Regulatory Authorities (NSE, SEC, CAC, FIRS and FRC) and Shareholders;
- f. Ensure value creation for the Shareholders, Employees and Other Stakeholders;▯
- g. Review and approve Corporate Policies, Strategy, Annual Budget and Plans;
- h. Monitor the implementation of Policies, Strategy, Annual Budget and Plans;
- i. Set Performance Objectives, monitor implementation and corporate performance;
- j. Review and approve all major Capital Expenditure of the Company;
- k. Ensure that the Statutory right of all Shareholders are protected at all times;
- l. Provide the Company with entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed;
- m. Deploy the Company's Resources to profitable use;
- n. Outline the Company's Strategic and Corporate aims;
- o. Ensure that the necessary Financial and Human Resources are in place for the Company to meet its objectives;
- p. Review Management's Performance on a continuous basis;

- q. Set the Company's Values and Standards;
- r. Take decisions objectively in the interest of the Company;
- s. Ensure that its obligations to its Shareholders and Other Stakeholders are understood and met;
- t. Constructively challenge and help develop proposal on strategies developed by Management.

The Board of Directors carries out some of the above responsibilities through the Board Committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedure for reporting to the Board.

Each Committee is presided over by a Non-Executive Director to ensure strict compliance with the Principles of good Corporate Governance Practice; while the audit Committee has a Representative of the Shareholders as its Chairperson.

Director review the Company's operations and management through the Committee. Management presents the Reports of its activities, policies and processes to the Board through the Board Committees.

In compliance with practices of Corporate Governance, the Chairman of the Board of Directors is not a member of any Board Committees.

Frequency of Meetings

Members of the Board of Directors hold formal schedule of meetings and met **five (5) times** in the course of the year to decide on policy matters and direct the affairs of the Hospital, review its performance, operations, and finance and formulate growth strategy. In line with the provisions of section 258(2) of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria 2004, the record of attendance of the Directors at Board Meetings is available for inspection at the Annual General Meeting of the Hospital. It may however, convene a meeting whenever the need arises. The frequency of attendance of members of the board is as follows:

Name	Designation	Attendance
Dr. S.F. Kuku, OFR, FAS	Director/Chairman	5
Dr. A.A. Obiora, FRCS	Director/Member	3
Mr. Uzochukwu Eneli	Director/Member	5
Professor J.O. Irukwu SAN, OON	Director/Member	3
Pastor S.O. Nathaniel	Director/Member	5
Dr. Geoffrey Ohen Jnr.	Director/Member	5
Mr. Olusegun Olusanya	Director/Member	5

The Board planned to meet five (5) times and met five (5) times during the year.

The remuneration of Executive Directors is fixed and reviewed by a Committee of Non-Executive Directors.

The Committee of the Board of Directors

The Board in line with its responsibilities to shareholders works to achieve the best business practices that conform with the Code of Best Practices in Corporate Governance.

The business of the Hospital is conducted in a fair, honest, humane and transparent manner which conforms to high ethical standards. The following Committees are in place.

1. RISK MANAGEMENT COMMITTEE

Members	Designation	Attendance
Dr. Geoffrey Ohen Jnr.	Chairman	4
Mr. A. A. Obiora	Member	2
Professor J.O. Irukwu SAN, OON	Member	4
Mr. Uzochukwu Eneli	Member	1
Mr. Olusegun Olusanya	Member	3

Terms of Reference

- i Review and approve the Company's Risk Management Policy including Risk Appetite and Risk Strategy.
- ii Review the adequate and effectiveness of risk management and controls.
- iii Oversee Management's process for the identification of significant Risks across the Company and adequate of prevention, detection and reporting mechanisms.
- iv Review the Company's compliance level with applicable laws and regulatory requirements which may impact the Company's Risk Profile.
- v Periodic review of changes in Economic and Business environment, including emerging trends and other factors relevant to the Company's Risk Profile.
- vi Review and recommend for approval, Clinical Risk Management procedures and controls.
- vii Review and recommend for approval of the Board, Risk Management procedures and Controls

The Board Committee met once during the year.

2. AUDIT COMMITTEE

Composition

In accordance with Section 359 (3) of the Companies and Allied Matters Act 1990 the following Members and Directors elected, pursuant to Section 359 (4) of the said Act at the last Annual General Meeting. The Audit Committee is made up of six (6) members, consisting of three (3) representatives of the Shareholders and three (3) Members of the Board of Directors. At least one member must be financially literate.

Attendance	Designation	Attendance
Engr. (Mrs) Mayen Adetiba	Chairperson	2
Mr. Uzochukwu Eneli	Director/Member	NIL
Mr. Olusegun Olusanya	Director/Member	NIL
Pastor S.O. Nathaniel	Director/Member	2
Attendance	Designation	Attendance
Mr. Clement A. C. Opara	Shareholder/Member	2
Mr. Tajudeen Imran Adesina	Shareholder/Member	2

Terms of Reference

- i Assist in the oversight of the integrity of the Company's Financial Statements and compliance with legal and other regulatory requirements, assessment of qualifications and independence of External Auditors, performance of the Company's internal and External Audit Functions.
- ii Establish an Internal Audit function and ensure there are means of obtaining sufficient assurance of regular review or the appraisal of the System of Internal Controls in the Company;
- iii Ensure the development of a comprehensive Internal Control Framework for the Company, report annually in the Financial Report on the operating effectiveness of the Company's Internal Control Framework.
- iv Oversee the Management's process for the identification of significant fraud or risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- v Discuss Policies and Strategies with respect to Risk assessment and management.
- vi Review and ensure adequate whistle-blowing procedures are in place.
- vii Ensure that where non-audit services are provided by External Auditors' there is no conflict of interest.
- viii Consider any Related Party Transactions that may arise.
- ix Invoke its authority to investigate any matter within its terms of reference.
- x The Company must make available the resources to the internal Auditors with which to carry out their duties including access to external advice where necessary.

3. GOVERNANCE & FINANCE COMMITTEE

This Committee is responsible for the establishment of criteria for Board and Board committee memberships, as well as their operational and organizational structure, remuneration, compensation and benefits and performance evaluation. The Committee planned to meet Four (4) times and met Four (4) times during the year.

Composition

- a Major non-Executive Directors
- b Company Secretary is secretary to the Committee
- c Management and other individuals as required

Attendance	Designation	Attendance
Pastor S. O. Nathaniel	Chairman	4
Professor J.O. Irukwu SAN, OON	Member	3
Mr. A. A. Obiora	Alternating Member	2
Mr. Olusegun Olusanya	Member	4
Dr. Geoffrey Ohen Jnr.	Member	4

Terms of Reference - Governance

- i Establish the criteria for Board and Board Committee Membership, review candidates' qualifications and any potential conflict of interest, assess the contribution of the current Directors in connection with their re-nomination and make recommendations to the Board;
- ii Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- iii Periodically evaluate the skills, knowledge and experience required on the Board;
- iv Make recommendations on experience required by Board Committee member, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- v Make recommendations on compensation structure for Executive directors;
- vi Provide input to the annual report in respect of directors' compensation;
- vii Ensure succession Policy and Plans for the positions of the Chairman, Acting Chief Executive Officer and Executive Directors and the subsidiary Managing Directors for Group Companies;
- viii Ensure that the Board conducts a Board evaluation on an annual basis;
- ix Review the performance and effectiveness of the subsidiary company Boards on an annual basis where applicable; and
- x Review and make recommendations on the company's organization structure and any proposed amendments to the Board for approval.

Terms of Reference - Finance

- i Supervise the operation of the approved Budget, Budget Control and effective Cost Control.
- ii Ensure that there is appropriate Accounting System and Manual.
- iii Ensure a stable internal Audit System and manual.
- iv Ensure appropriate Human Resources System and Human Resources needs.
- v Advise on procurement of Equipments after careful Cost/Benefit Analysis.
- vi Approve the Accounts to be written off and other related matters.
- vii Ensure succession Policy and Plans for the position of Chairman, Acting Chief Executive Officer and members of Executive Management;
- viii Handle Corporate Governance issues and assessment of compliance.
- ix Handle issues relating to Premises matters for the Board's consideration.
- x Handle Information Technology for Board's consideration.
- xi Oversee the Hospital's Capital Expenditure and Operating Expenses.
- xii Any other related function assigned by the Board.

4. CLINICAL SERVICES COMMITTEE

Members	Designation	Attendance
Mr. A. A. Obiora	Chairman	3
Pastor S.O. Nathaniel	Member	3
Dr. Geoffrey Ohen Jnr.	Member	3
Mr. Uzochukwu Eneli	Member	-
Prof. J. O. Irukwa	Member	2

The Committee planned to meet twice and met twice during the year

Terms of Reference

- i Ensure the maintenance of high level Clinical Performance.
- ii Ensure that it represents the view of the Medical Staff, acts for it and have responsibilities for its effectiveness.
- iii Ensure formal and clearly defined relationship between the Medical Staff and the Chief Executive Officer.
- iv Received and act upon the Report of Medical Staff Committees.
- v Consider and make recommendations and action to the Board on all matters of medico-administrative nature.
- vi Implement the Company's approved Policies for Medical Staff.
- vii Make recommendations to the Board of Directors on Matters concerning Clinical Practice.
- viii Take reasonable steps to ensure professionally-ethical conduct on the part of all members of the Medical Staff and initiate prescribed corrective measures, if indicted.
- ix Take on the responsibility of the establishment, maintenance and improvement of high professional standards and to encourage and participate in the continuous study evaluation of the factors that relate to the patient care in the hospital's environment.
- x Identify Human resources needs for Clinical Department.

The following statement, which should be read in conjunction with the Independent Auditors' responsibilities stated in the report of the Independent Auditors' set out in pages 1 to 4, is made with a view of distinguishing the respective responsibilities of the Directors and those of the Independent Auditors in relation to the Financial Statements of Ekocorp Plc.

The Directors are responsible for preparation of the Financial Statements that give a true and fair view of the Financial Position of the Hospital as at 31 December 2019 and the Result of its Operations, Cash Flows and Statement of Changes in Equity for the year then ended, in compliance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

The Directors further accept responsibility for maintaining Accounting Records as required by the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004 and for such Internal Control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Director

Date: 24/3/2020

Date:

In accordance with the provisions of Section 356(6) of the Companies and Allied Matters Act, CAP C20, laws of the Federation of Nigeria, 2004 we, the members of the Audit Committee of EKOCORP PLC having carried out our statutory functions under the Act, hereby report that:

- a. The accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- b. The scope and planning of both the external and internal audit programs for the year ended 31 December 2019 are satisfactory and reinforce the Company's Internal Control systems;
- c. Having reviewed the External Auditors findings and recommendations on Management matters, we are satisfied with Management response thereon.

Finally, we acknowledge the cooperation of Management in the conduct of these duties.

Members of the Audit Committee are:

Engr. Mrs . Mayen Adetiba
Mr. Uzochukwu Eneli
Pastor S.O Nathaniel
Mr. Olusegun Olusanya
Mr. Tajudeen Imran Adesina
Mr. Clement A. C. Opara

Shareholders' Representative/Chairperson
Non-Executive Director
Non-Executive Director
Non-Executive Director
Shareholders' representative
Shareholders' representative



ENGR. Mrs. MAYEN ADETIBA
FRC/2017/NSE/00000017012
Chairperson
Audit Committee
Lagos, Nigeria

Date: 23/03/2020

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF EKOCORP PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Ekocorp Plc, which comprise, the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, and 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 accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011 and the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

- 2 We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the financial statements paragraph of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

3. 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 year. 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.

Completeness and Existence of Revenue

Risk

Income is recognised from two sources. Revenue from the first source is recognised before services are rendered such as consultancy, X-ray, Radiology, Laboratory and Sales of drugs to out-Patients, while the revenue from the second source is recognised after services have been rendered such as surgery, mortuary, feeding and accommodation. In the first source of revenue, there is a risk that revenue recognised may not exist, while in the second source of revenue there is a risk that revenue may not be completely accounted for in the books.

Our response

Our audit procedures in response to the risks included, amongst others:

Confirmed revenue cycle cut-off from invoices raised on services rendered for completeness at year end

- Obtained details of invoices raised 10 days before and after the year end.
- Verified that the related services and sales of drugs were rendered in the matching accounting year
- Traced sample of the invoices in the invoice listing to the ledger

Vouched a sample of sales of Drugs and service rendered to revenue recorded for the year

- Traced invoice listing for selected sample to revenue sources/records such as medical bills and case files
- Traced invoices to inpatients/outpatients register
- For credit services rendered to HMO's, billing were traced to the customers account statements
- Verified and confirmed that revenue and receivables were recorded in the appropriate accounting year

Existence and accuracy of accounts receivable

Risk

- Communication gap exists between the revenue and finance departments, whereby revised invoices raised by the revenue department as a result of disputes in tariffs and inadequate approvals from Health Management Organisations were not communicated to the finance department for necessary adjustments in the books.
- Unidentified receipts from customers were not adequately investigated, rather they were recognised as other income instead of being credited to the respective customers' accounts.
- Accounts receivable balances were not tested for impairment by management, hence doubtful and irrecoverable balances were reported as good and recoverable.
- Age analysis generated by the Company's accounting software does not provide enough information to make adequate provision for bad and doubtful debts.
- Considering the above, there is a risk that accounts recoverable balances may not exist.

Our response

Our audit procedures were as follows:

- Obtained a schedule of accounts receivable and analysis
- Checked arithmetical accuracy
- Reviewed ageing of accounts receivable for adequacy of impairment
- Ensured that adequate provision is made for receivables over 180 days
- Reviewed individual customer's balances for impairment

Other Information

4. The Directors are responsible for the other information. The other information comprises the information included in the Chairman's report, and Directors report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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 information, we are required to report that fact; we have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

5. The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the Audit of the Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

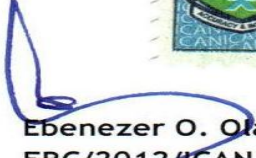
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

7. Report on other legal requirements

The Companies and Allied Matters Act, CAP C20, LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- ii) in our opinion, proper books of account have been kept by the Company, and
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Lagos, Nigeria
29 May 2020



Ebenezer O. Olabisi
FRC/2012/ICAN/00000000104
For: BDO Professional Services
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 N'000	2018 N'000
Revenue	7	1,251,252	1,472,720
Cost of sales	8	<u>(1,099,937)</u>	<u>(1,289,095)</u>
Gross profit		151,315	183,625
Operating expenses	9	(422,708)	(518,904)
Other operating Income	10	<u>8,061</u>	<u>120,628</u>
Loss from operations		(263,332)	(214,651)
Finance expenses	11	<u>(18,061)</u>	<u>(11,084)</u>
Loss before taxation	12	<u>(281,393)</u>	<u>(225,735)</u>
Tax expense	13	<u>(11,010)</u>	<u>(102,733)</u>
Loss for the year		<u>(292,403)</u>	<u>(328,468)</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Capital gains tax on revaluation surplus	14	48,872	-
Revaluation deficit on property, plant and equipment	28	<u>(70,250)</u>	<u>-</u>
		<u>(21,378)</u>	<u>-</u>
Items that will or may be reclassified to profit or loss:		<u>-</u>	<u>-</u>
Total other comprehensive loss		<u>(21,378)</u>	<u>-</u>
Total comprehensive loss		<u><u>(313,781)</u></u>	<u><u>(328,468)</u></u>
Loss per share(kobo)	30	<u><u>(58.64)k</u></u>	<u><u>(65.88)k</u></u>

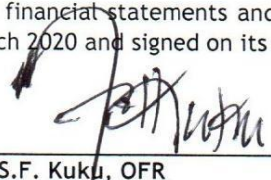
The accompanying notes on pages 9 to 34 and other national disclosures on pages 35 and 36 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

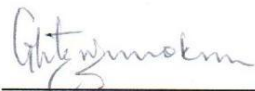
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 N'000	2018 N'000
Assets			
Non-current assets			
Property, plant and equipment	15	5,883,860	5,652,111
Intangible assets	16	24,965	22,335
Fair value through other comprehensive income financial assets	17	500	500
		<u>5,909,325</u>	<u>5,674,946</u>
Current assets			
Inventories	18	12,122	50,367
Trade and other receivables	19	408,782	212,842
Cash and cash equivalents	20	8,380	14,920
		<u>429,284</u>	<u>278,129</u>
Total assets		<u>6,338,609</u>	<u>5,953,075</u>
Liabilities			
Current liabilities			
Borrowings	21	143,686	61,218
Trade and other payables	22	1,548,086	1,258,913
Deposit for shares	23	118,057	118,057
Income tax payable	13(iv)	54,340	61,604
		<u>1,864,169</u>	<u>1,499,792</u>
Non-current liabilities			
Borrowings	21	328,250	-
Deferred tax liabilities	14	920,314	964,815
Employee benefits obligations	24	384,985	333,796
		<u>1,633,549</u>	<u>1,298,611</u>
Total liabilities		<u>3,497,718</u>	<u>2,798,403</u>
Net assets		<u>2,840,891</u>	<u>3,154,672</u>
Equity			
Share capital	25	249,300	249,300
Share premium	26	475,830	475,830
Reserve for bonus issue	27	12,375	12,375
Revaluation reserve	28	3,613,554	3,634,932
Retained earnings	29	(1,510,168)	(1,217,765)
Total equity		<u>2,840,891</u>	<u>3,154,672</u>

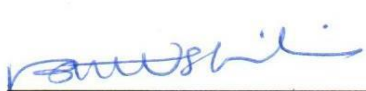
The financial statements and accompanying notes on pages 5 to 36 were approved by the Board of Directors on 24 March 2020 and signed on its behalf by:


Dr. S.F. Kuku, OFR
Director

FRC/2013/WAN/000000001824


Dr A. A. Ogunmokun
Chief Medical Officer

FRC/2018/MDCAN/00000018383


Olusola M. Babalola
Chief Finance Officer

FRC/2016/ICAN/00000011011

The accompanying notes on pages 9 to 34 and other national disclosures on pages 35 and 36 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

EKOCORP PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital N'000	Share premium N'000	Reserve for bonus issue N'000	Revaluation reserve N'000	Retained earnings N'000	Total Equity N'000
Balance at 1 January 2018	249,300	475,830	12,375	3,634,932	(889,297)	3,483,140
Comprehensive income for the year:						
Loss for the year	-	-	-	-	(328,468)	(328,468)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(328,468)	(328,468)
Transactions with owners recorded directly in equity						
Dividends to equity holders	-	-	-	-	-	-
Total transactions with equity owners	-	-	-	-	-	-
Balance at 31 December 2018	249,300	475,830	12,375	3,634,932	(1,217,765)	3,154,672
Balance at 1 January 2019	249,300	475,830	12,375	3,634,932	(1,217,765)	3,154,672
Comprehensive income for the year						
Loss for the year	-	-	-	-	(292,403)	(292,403)
Other comprehensive loss	-	-	-	(21,378)	-	(21,378)
Total comprehensive loss for the year	-	-	-	(21,378)	(292,403)	(313,781)
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	-	-
Total transactions with equity owners	-	-	-	-	-	-
Balance at 31 December 2019	249,300	475,830	12,375	3,613,554	(1,510,168)	2,840,891

The accompanying notes on pages 9 to 34 and other national disclosures on pages 35 and 36 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

EKOCORP PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 N'000	2018 N'000
Cash flows from operating activities			
Loss for the year		(292,403)	(328,468)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	15	150,935	290,216
Amortisation of intangible assets	16	-	-
Impairment of investment	17(b)	-	-
Interest on finance lease	21	7,233	2,406
Interest on term loan	11	1,134	2,264
Finance lease at amortised cost	21	-	-
Finance lease written off against asset in transit	21	-	-
Income tax expense	13	11,010	102,733
		<u>(122,091)</u>	<u>69,151</u>
Decrease/ (increase) in inventories		38,245	(21,889)
Increase in trade and other receivables		(195,940)	(49,489)
Increase in trade and other payables		289,173	108,546
Increase in employees' benefits obligations		51,189	41,532
Cash generated from operations		<u>60,576</u>	<u>147,851</u>
Income taxes paid	13(iv)	(13,903)	(78,981)
Net cash inflow from operating activities		<u>46,673</u>	<u>68,870</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(452,934)	(59,834)
Purchase of intangible assets	16	(2,630)	(22,335)
Net cash used in investing activities		<u>(455,564)</u>	<u>(82,169)</u>
Cash flows from financing activities			
Finance lease obtained	21	404,000	29,945
Repayment of finance lease	21	(14,956)	(6,005)
Interest paid	11	(1,134)	(2,264)
Net cash inflow from financing activities		<u>387,910</u>	<u>21,676</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(20,981)</u>	<u>8,377</u>
Cash and cash equivalents at the beginning of the year		<u>(18,758)</u>	<u>- 27,135</u>
Cash and cash equivalents at the end of the year	20	<u>(39,739)</u>	<u>(18,758)</u>

The accompanying notes on pages 9 to 34 and other national disclosures on pages 35 and 36 form an integral part of these financial statements.

Auditors' report, pages 1 to 4

1. Corporate information and principal activities

Ekocorp Plc is a Company domiciled in Nigeria. The Company was incorporated in 1982 as a Private Limited Liability Company. It started as Mercy Specialist Hospital in 1977 and became Eko Hospital Limited on 9th February, 1982. In view of the desire to make the public beneficial owners of the Hospital, It became a Public Limited Liability Company (Plc) in 1991 and by 1994 the name changed to Ekocorp Plc. The Corporate Affairs Commission, Abuja by its letter dated 3rd January 1995 confirmed and approved the change of name. Ekocorp Plc is listed on the Nigeria Stock Exchange (NSE). The address of the Company's registered office is EKO Hospital, 31, Mobolaji Bank—Anthony way, Ikeja, Lagos.

The Company is engaged in the business of health care delivery. All personnel requiring licenses to practice their various professions in the hospital were so licensed by the various regulatory bodies. The Hospital is also affiliated to the Obafemi Awolowo College of Health Sciences of Olabisi Onabanjo University to enhance research and improved services.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

The financial statements were authorised for issue by the Board of Directors on 24 March 2020

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the undermentioned financial statement areas, which are measured as indicated:

- Property, plant and equipment are measured using the revaluation model;
- Financial assets are measured at fair value through OCI.

(c) Functional and presentation currency

The Company's functional and presentation currency is the Nigerian Naira. The financial statements are presented in Nigerian Naira and have been rounded up to the nearest thousand except where otherwise stated.

(d) Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. 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 areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3) Changes in accounting policies

(a) New and amended standards and interpretations

Except as set out below, the Company has consistently applied the accounting policies to all years presented in these financial statements.

The new and amended standards and interpretations are effective for annual periods beginning on or after 1 January 2019, unless otherwise stated. The Company has not applied early adoption for any standards, interpretations or amendments that have been issued but are not yet effective in the reporting year.

Several other amendments and Interpretations effective in 2019 but do not have any impact on the Company's financial statement are as stated below:

- IFRS 16 Leases

IFRS16 replaces existing leases guidance, including IAS17 Leases, IFRIC4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position

-IFRS 16 Leases does not have any impact in the Company's Financial Statements.

(b) New standards, amendments and interpretation issued but not yet adopted by the Company

Standard/Interpretation		Date issued by IASB	Effective date period beginning on or after
Conceptual Framework amendments	Amendments to references to Conceptual Framework in IFRS Standards	March 2018	1 January 2020
IFRS 3 Amendment	Definition of a business combination	October 2018	1 January 2020
Definition of Material	Amendments to IAS 1 and IAS 8	October 2018	1 January 2020
IFRS 17	Insurance Contracts	May 2017	1 January 2022
IFRS 10 and IAS 28 amendment	Sales or Contribution of assets between an investor and its Associate or Joint Venture	September 2014	Deferred indefinitely

4. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a) *Income and deferred taxation*

Ekocorp Plc usually incurs significant amounts of income taxes payable, and also recognises changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

(b) *Impairment of property, plant and equipment*

Ekocorp Plc assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

(c) *Legal proceedings*

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

(d) *Estimates of useful life and residual value*

The estimates of useful lives and residual values of property, plant and equipment impact the annual depreciation charge. The useful lives and residual values are based on management experience and the condition of the assets. Consideration is given to management's intended usage policy for the assets in the future and potential market prices of similar assets.

5. Summary of significant accounting policies

The Company's accounting policies set out below have been applied consistently to all period presented in these financial statements.

(a) *Revenue*

Revenue represents the fair value of the consideration received or receivable for drugs sold and medical services rendered in the ordinary course of business. Medical services are rendered to individuals, corporates and Health Management Organisations.

(i) *Performance obligation and timing of revenue recognition*

Sale of pharmaceutical goods

Revenue from sale of pharmaceutical goods is recognised when control of the goods have been transferred to the customers and performance obligations satisfied.

Medical services rendered

For medical services rendered, because the patients simultaneously receive and consume the benefits for treatments provided, revenue is recognized over time for this performance obligation. The entity applies the input method in recognising revenue on services rendered.

(ii) **Determining the transaction price**

Fees charged for inpatients and outpatients hospital services include charges for diagnosis, laboratory test, scanning, xray, surgery, accommodation and medical professional services. For Health Management Organisations, fees are calculated and billed based on various tariff agreements with the organisations. For discounts granted on medical services rendered to private inpatients, the entity estimates variable consideration based on historical data and credit worthiness. Variable consideration is constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the actual discount granted to inpatients is determined.

(b) **Cost of Sales**

Cost of sales includes the cost of services rendered, costs of drugs and consumables purchased and other direct costs.

(c) **Expenses**

Expenses are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of comprehensive income is presented in classification based on the function of the expenses as this provides information that is reliable and more relevant than their nature.

(d) **Other income**

This comprises profit from sale of financial assets, profit from sale of property, plant and equipment and impairment loss no longer required.

Income arising from disposal of items of financial assets and property, plant and equipment is recognised at the time when transactions are finalised and ownership transferred by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets. The Company recognised impairment no longer required as other income when the Company received cash on an impaired receivable or when the value of an impaired investment increased and the investment is realisable.

(e) **Finance income and finance expenses**

Finance income comprises interest income on short term deposits with banks. Interest income on short term deposits is recognised and accrued on a time 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 on initial recognition. Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

Finance expenses comprise interest on finance lease and borrowings

(f) **Income tax expenses**

Income tax expense comprises current income tax, education tax and deferred tax.

(g) **Earnings per share**

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(h) **Property, plant and equipment**

Property, plant and equipment are initially stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

All property, plant and equipment are subsequently carried at revaluation model, based on periodic valuation by a professionally qualified valuer. The revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve or reversal of such a transaction, is recognized in profit or loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income and operating expenses respectively in the statement of profit or loss and other comprehensive income.

Depreciation is calculated on items of property, plant and equipment to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on items of property, plant and equipment until they are available for use.

The principal annual rates used for this purpose, which are consistent with those for the previous years are as follows:

Class of assets	%
Hospital buildings	1
Plant and machinery	10
Hospital equipment	5
Motor vehicles	20
Office equipment	10
Furniture and fittings	10
Land	-

The company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gains 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 component of the statement of comprehensive income within 'Other income or operating expenses' in the year that the asset is derecognised.

(i) Intangible assets

The company's intangible asset includes acquired computer software licenses and are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(j) Impairment of non-financial assets

Non-financial assets other than inventories are reviewed at each reporting date for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

(k) Inventory

Inventory include drugs, blood, renal materials, diesel, electrical materials, stationery, laboratory consumables and other consumables. Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method of valuation. Cost comprises amount incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less costs to sell. If carrying value exceeds net realisable amount, a write down is recognised. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Adequate provision is made for inventory to ensure that the value at which inventories is carried at the reporting date is reflective of anticipated future sales patterns.

(l) Financial instruments

a) Financial assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent remeasurement of financial assets is determined by their designation that is revisited at each reporting date.

i) Classification as trade receivables □

Trade receivables are amounts due from privates, Health Maintenance Organisations and Corporate bodies for drugs sold or medical services provided in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 5(n).

ii) Classification of financial assets at amortised cost

The Company classified its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

iii) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

iv) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

b) Financial liabilities

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method. The Company financial liabilities include trade and other payables.

Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the reporting date are classified as non-current.

i) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ii) De-recognition of financial liabilities

The Company derecognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognise and the consideration paid and payable is recognised in statement of profit or loss and other comprehensive income.

(m) Offsetting financial instruments

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

(n) Impairment of financial instruments

The Company has trade receivables and contract assets that are subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivable are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of customers over a period of 36 month before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and unemployment rate of Nigeria to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(o) **Contract assets and contract liabilities**

Contract assets and contract liabilities are included within “trade and other receivables” and “trade and other payables” respectively on the face of the statement of financial position. They arise from medical services provided over a period of time as cumulative payments received from customers at each statement of financial position date do not necessarily equal the amount of revenue recognised on the contracts.

(p) **Prepayments**

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit or loss and other comprehensive income.

(q) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings to be settled within 12 months period are classified as current liabilities while borrowings to be settled over 12 months are classified as non-current liabilities.

(r) **Finance leases**

Finance leases are stated at the present value of minimum lease payments and the assets are capitalized and depreciated using the rate applicable to these classes of assets. Lease finance charge is amortized over the period of the lease

(s) **Provisions**

Provision is recognised when the company has a present obligation, whether legal or constructive, as a result of a past event for which it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amounts of the obligations in accordance with IAS 37.

Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The unwinding of the discount is recognised as a finance cost.

(t) **Taxation**

i) **Current income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in Nigeria where the Company operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Company is subject to the following types of current income tax:

- **Company Income Tax** - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date
- **Tertiary Education Tax** - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011 (Amended).

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

ii) Deferred tax

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax written down values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(u) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The Company recognises wages, salaries, bonuses and other allowances for current employees in the statement of profit or loss and other comprehensive income as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits, if the company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The company has both defined benefits and defined contribution plans.

The company operates a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme is funded by contributions from employees and the company at 8% and 10% respectively each of employee's relevant emoluments, in accordance with the provisions of the Pension Reform Act 2014. In addition, full provision is made in the financial statements for liabilities at the financial position date in respect of employee's terminal gratuities based on current relevant emoluments. For defined benefits plans, the level of benefit provided is based on the length of service and earning of the person entitled.

(v) Share capital, reserves and dividends

i) Share capital

Share capital represents the nominal value of shares that have been issued.

ii) Reserves

Reserves include all current and prior periods' retained earnings.

iii) Dividend

Dividend on ordinary shares are recognised in the company's financial statements in the period in which the dividend are approved by the company's shareholders.

iv) Earnings per Share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to equity owners of Ekocorp Plc by the weighted average number of ordinary shares outstanding during the period.

(w) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions and any exchange differences arising are included in the profit or loss account of the reporting period.

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 translated using the exchange rate of the transaction (i.e. not retranslated).

(x) Related party transactions

Related parties include the related companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions with the Company, the transactions are disclosed separately as to the type of relationship that exists with the Company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

(y) Segment reporting

An operating segment is a component of the hospital that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the hospital's other components, whose operating results are reviewed regularly by the Acting Chief Executive Officer to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

In accordance with management reporting, the Company's segments include stand alone, capitation and other strategic business units such as General out patients, nursing, intensive care unit, medical, obstetrics and gynaecology, paediatrics, radiology and surgery.

(z) Determination of fair value

Fair value of financial and non financial assets are determined as follows. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that assets or liabilities.

i) Property, plant and equipment

The fair value of items of land and buildings is based on depreciated replacement cost and comparison approaches. "Depreciated replacement cost" reflects the current cost of reconstructing the existing structure together with the improvements in today's market adequately depreciated to reflect its physical wear and tear, age, functional and economic obsolescence plus the site value in its existing use as at the date of inspection while "Comparison Approach" is the analysis of recent sale transactions or similar properties in the neighbourhood. The figure thus arrived at represents the best price that the subsisting interest in the property will reasonably be expected to be sold if made available for sale by private treaty between market participants at a measurement date.

ii) Valuation of financial assets (FVOCI)

The fair value of investments in equity are determined using a valuation technique.

iii) Fair value hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instrument Disclosure'.

Level 1 : quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.

Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities values using models where all significant inputs are observable.

Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

6. Financial risk management

(a) Financial Risk Management Disclosure

Ekocorp Plc continued in the period under review to enhance its corporate governance standards by improving on the level of risk management disclosure in the financial statements.

The overall responsibility for risk management lies with the Board of Directors. The Internal Audit Unit performs the independent assessment of the effectiveness of Internal controls and procedures and reports independently through the Chief Internal Auditor to the Acting Chief Executive Officer and Audit Committee Members. The Audit Committee members also review the internal audit programme and the internal control procedures.

The Board of Directors, having recognized that an appropriate level of timely disclosure is beneficial to all stakeholders, has given its full support to this process to boost the confidence of the users of the financial statements of the company with the aim of enhancing the level and quality of disclosure at all times even as a regulatory framework for its risk management disclosure is evolving.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's Chief Finance Officer. The Board receives monthly reports from the Company's Chief Finance Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's Chief Finance Officer also reviews the risk management policies and processes and reports their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade receivables and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings

(ii) Financial instruments by category	2019	2018
Financial assets	N'000	N'000
Trade and other receivables	397,022	207,316
Cash and cash equivalents	8,380	14,920
Total financial assets	<u>405,402</u>	<u>222,236</u>
Financial liabilities		Financial liabilities at amortised cost
	N'000	N'000
Trade and other payables	1,548,086	1,258,913
Borrowings	471,936	61,218
Total financial liabilities	<u>2,020,022</u>	<u>1,320,131</u>

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from cash deposit with banks and trade receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019	2018
	N'000	N'000
Cash and cash equivalents	8,380	14,920
Trade and other receivables	397,022	207,316
	<u>405,402</u>	<u>222,236</u>

In order to mitigate the credit risk arising from deposits with banks, banks with good reputation are accepted by the Company for business transactions. For trade receivables, the company ensures that a significant amount is received in the course of rendering health care services. The Management determines concentrations of credit risk through a monthly review of the trade receivables' ageing analysis.

Cash in bank and short-term deposits

Cash and short term investments are held with the following financial institutions:

Cash in bank	N'000	N'000
Ecobank Nigeria Limited	5,405	10,307
Fidelity Bank Plc	45	3
Access Bank Plc (Formerly Diamond Plc)	-	928
Union Bank of Nigeria Plc	-	31
Polaris Bank Limited	13	37
Keystone Bank Limited	7	2
First Bank of Nigera Limited	(89)	2,365
First City Monument Bank Plc	21	79
United Bank for Africa Plc	(376)	414
Wema Bank Plc	123	121
Jubilee Life Savings and Loans Limited	19	282
Access Bank Plc	99	10
Zenith Bank Plc	1,766	(81)
Sterling Bank Plc	337	-
	<u>7,370</u>	<u>14,498</u>

(b) Market risk

Market risk concerns the risk that the company's financial instruments are adversely affected by changes in market interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

Interest rate risk

The Company's interest rate risk arises from short-term borrowing. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Interest rate expose the Company to fair value interest rate risk. The Company's policy is to maintain an appropriate mix between fixed and floating rate borrowings.

(c) Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 60 days.

The liquidity risk of the Company is managed by the Company's Chief Finance Officer.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months N'000	Between 3 and 12 months N'000	Between 1 and 5 year N'000	Between Over 5 years N'000	Total N'000
As at 31 December 2019					
Trade and other payables	-	1,548,086	-	-	1,548,086
Borrowings	-	143,686	328,250	-	471,936
	-	1,691,772	328,250	-	2,020,022
As at 31 December 2018					
Trade and other payables	-	1,258,913	-	-	1,258,913
Borrowings	-	61,218	-	-	61,218
	-	1,320,131	-	-	1,320,131

(d) Capital management

The Board of Director's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the debt to capital ratio. The Board of Directors also monitors the level of dividend to be paid to holders of ordinary shares. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. There were no changes in the Company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

The debt-to-adjusted-capital ratio at 31 December 2019 and at 31 December 2018 were as follows:

	2019 N'000	2018 N'000
Borrowings	471,936	61,218
Cash and cash equivalents	(8,380)	(14,920)
Net debt	463,556	46,298
Total equity	2,840,891	3,154,672
Debt to adjusted capital ratio (%)	16%	1%

7. Revenue	2019	2018
(a) Revenue by service centres:	N'000	N'000
Outpatients	67,832	68,403
Nursing	168,317	119,607
Intensive Care Unit	30,407	20,331
Medical	45,547	78,019
Paediatric	11,978	13,858
Obstetrics and Gynaecology	79,341	88,111
Radiology	55,144	65,874
Surgery	117,693	141,606
General services	523,155	728,743
Capitation	151,838	148,168
	<u>1,251,252</u>	<u>1,472,720</u>
(b) Revenue by type of customer:	N'000	N'000
Privates	229,009	406,226
Corporates	340,580	350,819
Health Maintenance Organisations	681,663	715,675
	<u>1,251,252</u>	<u>1,472,720</u>
(c) Revenue by geographic market:	N'000	N'000
Ikeja	1,149,376	1,379,399
Surulere	96,101	86,861
Ikoyi	5,775	6,460
	<u>1,251,252</u>	<u>1,472,720</u>
(d) Timing of provision of services	N'000	N'000
Point in time	1,099,414	1,324,552
Period of time	151,838	148,168
	<u>1,251,252</u>	<u>1,472,720</u>
Segment information is disclosed in Note 38 to these financial statements.		
8. Cost of sales	N'000	N'000
Salaries and wages (Note 12(a))	600,380	548,120
Drugs and consumables	200,486	240,568
Medical services rendered	43,561	56,612
Depreciation of building, plant and equipment (Note 15)	127,009	268,469
Other direct costs (Note 8 (a))	128,501	175,326
	<u>1,099,937</u>	<u>1,289,095</u>
8(a) Other direct costs	N'000	N'000
Electricity	13,396	14,153
Diesel costs	80,209	110,163
Cleaning	9,407	11,676
Utilities	1,764	1,973
Water	1,403	1,629
Repairs and maintenance	11,650	18,079
Discount and commission	10,672	17,653
	<u>128,501</u>	<u>175,326</u>
9. Operating expenses	N'000	N'000
Salaries and wages (Note 12(a))	234,998	210,451
Board committees expenses	7,955	9,945
Staff welfare and training	8,667	13,129
Printing and stationery	6,173	10,938
Security expenses	5,636	11,671
Depreciation of property, plant and equipment (Note 15)	23,926	21,747
Electricity	13,396	14,153
Travels and transport	6,822	6,485

	2019 N'000	2018 N'000
Legal fees	3,410	8,159
Repairs and maintenance	15,812	22,068
Internet and subscriptions	3,329	8,163
Audit fees	5,000	5,000
Secretarial, registrar, licensing and filing expenses	11,483	9,251
Insurance	673	1,582
Bank charges	1,241	3,373
Other expenses	10,046	3,639
Advertising and publicity	1,057	2,969
Public relations and entertainment	4,598	1,258
Newspapers and periodicals	471	373
Consultancy fees	23,445	69,720
ITF expenses	6,759	6,421
Bad debts written off	-	1,706
Provision for trade receivables (Note 19(a))	2,599	40,974
Provision for staff receivables (Note 19(b))	1,218	5,663
Provision for other receivables (Note 19(b))	11,306	-
Rent and rates	3,785	6,731
NSITF expenses	6,931	6,421
Withholding tax expenses	-	11,554
Business development expenses	415	77
Penalties	-	2,725
Marketing expenses	506	981
Donation	1,051	1,577
	<u>422,708</u>	<u>518,904</u>
10. Other operating income	N'000	N'000
Accrued expenses no longer required	-	32,915
Trade payables no longer required	-	21,974
Other income	8,061	8,709
Exchange gain	-	470
Withholding tax credit notes recovered (Note 10(a))	-	56,560
	<u>8,061</u>	<u>120,628</u>
(a) This is in respect of withholding tax receivables included in trade receivables written off in prior years now recovered.		
11. Finance expenses	N'000	N'000
Interest on overdraft	9,694	6,414
Interest on term loan	1,134	2,264
Interest on finance lease (Note 21(a))	7,233	2,406
	<u>18,061</u>	<u>11,084</u>
12. Loss before taxation		
Loss before taxation is arrived at after charging:	N'000	N'000
Audit fees	5,000	5,000
Depreciation of property, plant and equipment	150,935	290,216
Directors' emoluments	-	-
	<u>-</u>	<u>-</u>

- (a) Apportionment of salaries and wages to statement of profit or loss and other comprehensive income are as follows:

	2019 N'000	2018 N'000
Cost of sales (Note 8)	600,380	548,120
Operating expenses (Note 9)	234,998	210,451
	<u>835,378</u>	<u>758,571</u>

(b) **Directors emoluments**

- (i) Chairman's emoluments (excluding pension contributions) totalled

2019 N'000	2018 N'000
-	-

- (ii) Emoluments of the highest paid director (excluding pension contributions) amounted to:

2019 N'000	2018 N'000
-	-

The table below shows the number of Directors (excluding the Chairman) whose remuneration(excluding pension contributions) in respect of services to the company fall within the bands shown below:

	2019 Number	2018 Number
(iii) Over N1,000,000	-	-
Number of Directors who had no emoluments	7	7
	<u>7</u>	<u>7</u>

(c) **Employees**

Staff numbers and costs:

- (i) The average number of persons employed (excluding Directors) in the Company during the year were as follows:

	2019 Number	2018 Number
Management	15	9
Senior	90	91
Junior	280	291
	<u>385</u>	<u>391</u>

- (ii) The aggregate payroll costs of these persons were as follows:

	2019 N'000	2018 N'000
Wages, salaries, commission and allowances	835,378	758,571

- (iii) The table below shows the number of employees of the Company (other than Directors) who earned over N100,000 during the year and which fell within the bands stated below:

	2019 Number	2018 Number
N600,000 to N1,200,000	227	243
N1,200,001 - N2,400,000	95	83
N2,400,001 - N3,600,000	33	37
N3,600,001 and above	30	28
	<u>385</u>	<u>391</u>

13 **Income tax**

- (i) **Statements of profit or loss account**

	2019 N'000	2018 N'000
Company income tax	6,297	17,414
Education tax	-	2,137

Underprovision in the prior years:

	2019 N'000	2018 N'000
Company income tax	148	73,968
Education tax	194	9,214
Deferred tax provision	4,371	-
	<u>11,010</u>	<u>102,733</u>

(ii) **Income tax recognised in profit or loss**

The Company's income tax is computed based on minimum tax in accordance with the provisions of Companies Income Tax Act CAP C21 LFN 2004 (as amended).

(iii) **Reconciliation of tax charge**

The income tax expense for the year can be reconciled to the accounting loss as per the statement of profit or loss and other comprehensive income as follows:

	2019 N'000	2018 N'000
Loss before taxation	(281,393)	(225,735)
Tax at the statutory corporation tax rate of 30%	(81,165)	(67,721)
Effect of income that is exempt from taxation	(490)	-
Effect of expenses that are not deductible in determining taxable profit	46,778	94,606
Effect of minimum tax	6,297	17,414
Education tax	-	2,137
Capital allowance	-	(26,886)
Fiscal losses	34,877	-
Deferred tax provision	4,371	-
Under provision in prior years	342	83,182
Tax expense recognised in profit or loss	11,010	102,733
Effective rate	4%	46%

The tax rate used for 2019 and 2018 reconciliation above is the corporate tax rate of 30% and tertiary education tax rate of 2% payable by corporate entities in Nigeria on taxable profits under the tax laws in the country for the year ended 31 December 2019.

iv) **Statement of financial position**

	N'000	N'000
Balance at the beginning of the year		
Income tax	59,467	37,852
Education tax	2,137	-
	61,604	37,852
Underprovision in the prior years:		
Income tax	148	73,968
Education tax	194	9,214
Payments during the year:		
Income tax	(7,342)	-69,767
Withholding tax credit notes utilised-income tax	(4,230)	-
Education tax	(2,331)	(9,214)
Provision for the year:		
Income tax	6,297	17,414
Education tax	-	2,137
Balance at the end of the year	54,340	61,604

14 **Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting year:

	Balance as Recognised at 1 in profit or January loss 2018		Balance as at 31 December 2018	Recognised in profit or loss	Recognised in other comprehens ive income	Balance as at 31 December 2019
	N'000	N'000	N'000	N'000	N'000	N'000
<u>Deferred tax liabilities</u>						
Excess of carrying amount over tax written down value	985,121	-	985,121	26,892	-	1,012,013
	985,121	-	985,121	26,892	-	1,012,013
<u>Deferred tax assets</u>	N'000	N'000	N'000	N'000	N'000	N'000
Impairment of trade receivables	-	-	-	(13,943)	-	(13,943)
Impairment of staff receivables	-	-	-	(390)	-	(390)
Impairment of other receivables	(2,080)	-	(2,080)	(1,538)	-	(3,618)
Defined benefit liabilities	(70,731)	-	(70,731)	868	-	(69,863)
Unutilised capital allowance	(94,044)	-	(94,044)	(4,688)	-	(98,732)
Fiscal losses	(257,332)	-	(257,332)	(2,830)	-	(260,162)
	(424,187)	-	(424,187)	(22,521)	-	(446,708)
Net deferred tax liabilities	560,934	-	560,934	4,371	-	565,305
<u>Deferred tax liabilities(OCI)</u>						
Revaluation of property, plant and equipment	403,881	-	403,881	-	(48,872)	355,009
						-
Net deferred tax liabilities	964,815	-	964,815	4,371	(48,872)	920,314

15) Property, plant and equipment

	Land	Buildings	Hospital equipment	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Library books	Capital Work in progress	Total
<u>Cost</u>	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2018	2,502,763	635,337	2,553,900	51,000	73,485	43,628	16,700	26,681	-	5,903,494
Additions	-	-	13,232	10,248	34,166	2,188	-	-	-	59,834
Revaluation surplus (Note 28)	-	-	-	-	-	-	-	-	-	-
At 31 December 2018	2,502,763	635,337	2,567,132	61,248	107,651	45,816	16,700	26,681	-	5,963,328
At 1 January 2019	2,502,763	635,337	2,567,132	61,248	107,651	45,816	16,700	26,681	-	5,963,328
Additions	-	19,894	31,913	-	4,678	-	-	189	396,260	452,934
Revaluation surplus (Note 28)	(451,363)	1,577,169	(1,609,762)	(1,355)	(5,653)	2,332	(83)	-	-	(488,715)
At 31 December 2019	2,051,400	2,232,400	989,283	59,893	106,676	48,148	16,617	26,870	396,260	5,927,547
<u>Accumulated depreciation</u>										
At 1 January 2018	-	-	-	-	-	-	-	21,001	-	21,001
Charge for the year	-	6,354	256,506	5,610	8,615	4,456	3,339	5,336	-	290,216
Revaluation surplus (Note 28)	-	-	-	-	-	-	-	-	-	-
At 31 December 2018	-	6,354	256,506	5,610	8,615	4,456	3,339	26,337	-	311,217
At 1 January 2019	-	6,354	256,506	5,610	8,615	4,456	3,339	26,337	-	311,217
Charge for the year	-	9,015	111,853	6,141	15,618	4,628	3,337	343	-	150,935
Revaluation surplus (Note 28)	-	(11,648)	(363,469)	(10,753)	(18,200)	(8,271)	(6,124)	-	-	(418,465)
At 31 December 2019	-	3,721	4,890	998	6,033	813	552	26,680	-	43,687
<u>Carrying amounts at</u>										
31 December 2019	N2,051,400	N2,228,679	N984,393	N58,895	N100,643	N47,335	N16,065	N190	N396,260	N5,883,860
31 December 2018	N2,502,763	N628,983	N2,310,626	N55,638	N99,036	N41,360	N13,361	N344	N0	N5,652,111

i) *Valuation of properties*

The Company's entire property, plant and equipment were revalued by Messrs Jide Taiwo & Co (Nigeria) Estate Surveyors & Valuers, Chartered Surveyors with Financial Reporting Council of Nigeria (FRCN) registration number FRC/2012/000000000254 on 30 October 2019 on market value basis using the Market Value Approach. The valuation produced a deficit of N488,715,000 (2018: Nil) which has been debited to property, plant and equipment revaluation reserve. The accumulated depreciation to date no longer required amounting to N418,465,000 has been written back to revaluation reserve.

ii) The Company revised its depreciation rate on Hospital equipments from 10% to 5%. The effect of this has been adjusted for in the books.

iii) *Assets pledged as security*

At 31 December 2019, the Company's land and buildings at Ikeja were pledged as securities for the overdraft facility and finance lease obtained from Fidelity Bank Plc.

iv) *Capital commitment*

The Company had no commitments for capital expenditure as at the statement of financial position date (2018: Nil) and no borrowing cost was capitalised in the current year (2018: Nil).

v) There were no impairment losses recognized during the year (2018:nil).

vii) The distribution of depreciation of property, plant and equipment are as follows:

	2019 N'000	2018
Cost of sales (Note 8)	127,009	268,469
Administrative expenses (Note 9)	23,926	21,747
	<u>150,935</u>	<u>290,216</u>

16. Intangible assets

Computer software

Cost

	N'000	Total N'000
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At 1 January 2018	10,724	10,724
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Additions	22,335	22,335
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At 31 December 2018	<u>33,059</u>	<u>33,059</u>
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At 1 January 2019	33,059	33,059
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Additions	2,630	2,630
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At 31 December 2019	<u>35,689</u>	<u>35,689</u>
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Accumulated amortisation

	N'000	N'000
--	-------	-------

At 1 January 2018	10,724	10,724
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Charged for the year	-	-
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At 31 December 2018	<u>10,724</u>	<u>10,724</u>
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At 1 January 2019	10,724	10,724
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Charged for the year	-	-
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At 31 December 2019	<u>10,724</u>	<u>10,724</u>
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Carrying amounts at

31 December 2019	<u>N24,965</u>	<u>N24,965</u>
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31 December 2018	<u>N22,335</u>	<u>N22,335</u>
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The Company acquired another accounting software 'advanced Sage' in 2018 but the software is yet to be made available for use as at 31 December 2019 as it is yet to be installed.

17. Financial assets fair value through other comprehensive income N'000 N'000

Unquoted equity securities

(a) Clearline International Limited

Balance at the beginning and end of the year	<u>500</u>	<u>500</u>
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(b) Financial assets at fair value through other comprehensive income is the Company's strategic equity investment not held for trading. The Company has made an irrevocable election to classify the equity investments at fair value through other comprehensive income rather than through profit or loss because this is considered to be more appropriate for this investment.

18. Inventories

	N'000	N'000
Drugs	1,763	28,558
Consumables	1,721	5,433
Blood	144	186
CT scan materials	301	3,131
Renal materials	348	1,340
Laboratory consumables	2,735	3,028
Diesel	2,659	4,264
Electrical	1,315	2,295
Stationery	1,136	2,132
	<u>12,122</u>	<u>50,367</u>

- (a) No inventory was pledged as security for borrowings.
(b) The carrying amount of the inventories is the lower of their costs and net realisable values as at the reporting dates.
(c) No provision was made for obsolete inventory.

	2019 N'000	2018 N'000
19. Trade and other receivables		
Trade receivables	407,783	214,559
Less: Provision for impairment of trade receivables (Note 19(a))	(43,573)	(40,974)
Total financial assets other than cash and cash equivalents classified as loans and receivables.	364,210	173,585
Other receivables and prepayments (Note 19(b))	44,572	39,257
	<u>408,782</u>	<u>212,842</u>

The carrying value of trade and other receivables classified as receivables approximates fair value. Trade receivables are non-interest bearing. Trade receivables are reported net of allowance for impairment. The Company does not hold any collateral as security for its trade and other receivables.

(a) Provision for impairment of trade receivables	N'000	N'000
Balance at the beginning of the year	40,974	-
Provision for the year (Note 9)	2,599	40,974
Balance at the end of the year	<u>43,573</u>	<u>40,974</u>

At 31 December, the age analysis of trade receivables is as follows:	N'000	N'000
Neither past due nor impaired	194,803	73,136
< 30 days	77,617	48,084
30-90 days	61,972	41,601
91-180 days	28,154	14,171
181-360 days	29,657	30,606
Over 360 days	15,580	6,961
	<u>407,783</u>	<u>214,559</u>

(b) Other receivables and prepayments	N'000	N'000
Staff receivables	9,777	15,728
Withholding tax receipts	7,178	11,408
Receivable from Impala Services Limited	-	2,179
Other receivables	21,423	746
Receivable from Dr. O.A. Odukoya (Former Chief Medical Director/CEO)	6,958	6,958
Contract assets	-	2,375
	<u>45,336</u>	<u>39,394</u>
	-	-
Impairment of other receivables (Note 9)	(11,306)	-
Credit loss allowance of staff receivables (Note 9)	(1,218)	(5,663)
	<u>32,812</u>	<u>33,731</u>
Prepayments (Note 19(c))	11,760	5,526
	<u>44,572</u>	<u>39,257</u>

(c) Prepayments	N'000	N'000
Insurance	2,261	776
Rent	4,594	4,750
Others	4,905	-
	<u>11,760</u>	<u>5,526</u>

20. Cash and cash equivalents	2019	2018
Cash and cash equivalents comprise:	N'000	N'000
Cash at bank	7,370	14,497
Cash in hand	1,010	423
	<u>8,380</u>	<u>14,920</u>
In the statement of cash flows, cash and cash equivalents comprise the following:		
	N'000	N'000
Cash and bank balances	8,380	14,920
Bank overdraft	(48,119)	(33,678)
	<u>(39,739)</u>	<u>(18,758)</u>
21. Borrowings	N'000	N'000
Finance lease (Note 21(a))	423,817	27,540
Overdraft (Note 21(c))	48,119	33,678
	<u>471,936</u>	<u>61,218</u>
Current	143,686	61,218
Non-current	328,250	-
	<u>471,936</u>	<u>61,218</u>
(a) Fidelity Bank Plc finance lease	N'000	N'000
Balance at the beginning of the year	27,540	1,194
Additions during the year	404,000	29,945
Interest accrued on finance lease (Note 11)	7,233	2,406
Repayment of finance lease	(14,956)	(6,005)
Balance at the end of the year	<u>423,817</u>	<u>27,540</u>
(b) In 2019, the Company obtained additional finance lease facility for the sum of N404 million from Development Bank of Nigeria through Fidelity Bank Plc to finance the acquisition of Radiotherapy Machine for the treatment of Cancer. The facility is for a tenure of 5 years with a moratorium of 1 year which ends on March 31 2020. The loan is to be repaid quarterly after the one year moratorium at the effective interest rate of 17.6% per annum and is secured with legal mortgage on property at 31 Mobolaji bank Anthony Way Ikeja and personal guarantee of one of the founding Directors of Ekocorp supported with a notarised Statement of Net worth.		
(c) In 2019, the Company obtained overdraft facility of N30 million from Fidelity Bank Plc to augment working capital requirements i.e purchase of consumables and payment of salaries at the interest rate of 15.6% per annum for a tenor of 365 days and repayment is monthly. Repayment is from the proceeds of ekocorp daily receivables and any other sources available to the Company. The facility is secured with legal mortgage on property at 31 Mobolaji bank Anthony way Ikeja and personal guarantee of one of the founding Directors of Ekocorp supported with a notarised statement of net worth.		
22. Trade and other payables	N'000	N'000
Trade payables	193,952	190,737
Other payables (Note 22(a))	442,126	221,951
Due to related parties (Note 22(b))	834,555	795,688
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	1,470,633	1,208,376
Other payables-tax (Note 22(d))	77,453	50,537
	<u>1,548,086</u>	<u>1,258,913</u>
(a) Other payables	N'000	N'000
Accruals (Note 22(c))	15,664	17,503
Staff payables	233,476	125,981
Industrial Training Fund	47,466	40,707
National Housing Fund	275	275
Education Trust Fund	-	751
Staff terminal benefits	17,326	13,871
NSITF-Workmen's compensation	25,597	18,666

<u>Other payables (Cont'd)</u>		2019	2018
Unclaimed dividend returned		4,197	4,197
Other payables		7,255	-
Receipt from customers		90,870	-
		<u>442,126</u>	<u>221,951</u>
(b) <u>Due to related parties</u>		N'000	N'000
Directors' unpaid emoluments /retirement benefits (Note 22 b(i))		781,707	742,840
Share of EKOMED contract fees (Note 22 b(ii))		52,848	52,848
		<u>834,555</u>	<u>795,688</u>
(i) <u>Directors' unpaid emoluments /retirement benefits</u>		N'000	N'000
Dr. Sony Folorunso Kuku, OFR, FAS (Chairman)	**	425,007	402,315
Dr. Amaechi A. Obiora FRCS	**	439,789	412,615
Estate of Dr. A. C. Eneli		30,612	41,611
Chief G.A. Cole		4,356	4,356
Amount transferred to deposit for shares (Note 23)		(118,057)	(118,057)
		<u>781,707</u>	<u>742,840</u>
** The issue on directors' retirement benefits is in dispute and under litigation			
(ii) <u>Share of EKOMED contract fees</u>		N'000	N'000
Estate of Dr. A. C. Eneli		17,616	17,616
Dr. Sony Folorunso Kuku, OFR, FAS(Chairman)		17,616	17,616
Dr. Amaechi A. Obiora FRCS		17,616	17,616
		<u>52,848</u>	<u>52,848</u>
Dr. O.A. Odukoya (Former Chief Medical Director/CEO)		-	-
		<u>52,848</u>	<u>52,848</u>

The Directors' current account balance represents amount due mainly to the Joint Chief Medical Directors as a result of their cumulative unpaid salaries and allowances and also the amount due to them from their share of the management fees payable to EKOMED until the contract was formally terminated by the Board of Directors effective June 30, 2007. Until June 30,2007 when the EKOMED management contract was terminated by Ekocorp Plc, the Joint Chief Medical Directors were the joint owners of EKOMED and the beneficiaries of the fees payable under the contract. Ekocorp Plc has no legal relationship with EKOMED other than as aforementioned.

(c) <u>Accruals</u>		N'000	N'000
Audit fees		5,250	5,250
Statutory filing fees		4,619	4,885
Electricity		4,093	2,148
Land use charge		-	1,266
Drugs		350	2,239
Others		1,352	1,715
		<u>15,664</u>	<u>17,503</u>
(d) <u>Other payables-tax</u>		N'000	N'000
Value Added Tax		217	27
Withholding Tax		13,633	13,345
PAYE		63,603	37,165
		<u>77,453</u>	<u>50,537</u>
23. <u>Deposit for shares</u>		N'000	N'000
Balance at the beginning and end of the year		<u>118,057</u>	<u>118,057</u>

The Board of Directors at its meeting of 2/5/2007, 13/8/2007 and 13/12/2007 decided that seventy five percent (75%) of the total debts due to the Joint Chief Medical Directors (who are related parties to the Hospital) as at 31/12/2006 totaling N118,057,778 (or 75% of N157, 409,891) should be converted to equity of the Hospital. However and up till date, the relevant approval of the Regulatory Authority has not been secured to facilitate the full reflection of the Board's decision transferring the amount to equity. Accordingly and pending the appropriate approval from the Regulatory Authority, the debt totaling N118,057,778 has been converted and regarded as deposit for shares and also transferred to the share deposit control Account.

	2019	2018
	N'000	N'000
24. <u>Employee benefits obligations</u>		
Defined contribution plan (Note 24(a))	166,662	113,841
Defined benefit obligation (Note 24(b))	218,323	219,955
	<u>384,985</u>	<u>333,796</u>
(a) <u>Defined contribution plan</u>	N'000	N'000
Balance at the beginning of the year	113,841	71,230
Deductions	53,412	43,202
Remittances	(591)	(591)
Balance at the end of the year	<u>166,662</u>	<u>113,841</u>
The Company operates a defined contributory pension scheme for eligible employees. Both employer and employees contribute 10% and 8% respectively of the employees' basic, housing and transport allowances in line with the provisions of the Pension Reform Act, 2014 (as amended).		
(b) <u>Defined benefit obligations</u>	N'000	N'000
Balance at the beginning of the year	219,955	221,034
Payment for the year	(1,632)	(1,079)
Balance at the end of the year	<u>218,323</u>	<u>219,955</u>
The Company discontinued its defined benefit plan effective 30 June 2015. The amount due to staff as at that period will be paid to them when they eventually leave the company or resign.		
25 <u>Share capital</u>		
Authorised	'000	'000
Value		
Ordinary shares of N0.50 each	<u>N500,000</u>	<u>N500,000</u>
Number		
Ordinary shares of N0.50 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
Value		
Ordinary shares of N0.50 each	<u>N249,300</u>	<u>N249,300</u>
Number		
Ordinary shares of N0.50 each	<u>498,600</u>	<u>498,600</u>
26 <u>Share premium</u>		
Balance at the beginning and end of the year	<u>475,830</u>	<u>475,830</u>
27 <u>Reserve for bonus issue</u>		
Balance at the beginning and end of the year	<u>12,375</u>	<u>12,375</u>
The balance of reserve for bonus issue represents the amount of bonus due to shares under litigation and which eventually will either be utilised at the finalisation of the pending litigation on those shares or written back to share premium account.		
28 <u>Property, plant and equipment revaluation reserve</u>	N'000	N'000
The movement in revaluation reserve is as follows:		
Balance at the beginning of the year	<u>3,634,932</u>	<u>3,634,932</u>
Addition during the year (Note 15):		
Cost	(488,715)	-
Accumulated depreciation	418,465	-
Deficit for the year	<u>(70,250)</u>	<u>-</u>
Total accumulated revaluation reserve	3,564,682	3,634,932
Capital gains tax on revaluation (Note 14)	48,872	-
Balance at the end of the year	<u>3,613,554</u>	<u>3,634,932</u>
29 <u>Retained earnings</u>	N'000	N'000
Balance at the beginning of the year	(1,217,765)	(889,297)
Transfer from statement of comprehensive income	<u>(292,403)</u>	<u>(328,468)</u>
Balance at the end of the year	<u>(1,510,168)</u>	<u>(1,217,765)</u>

30 **Loss per ordinary share**

Loss per ordinary share is calculated by dividing net results attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2019 '000	2018 '000
Loss for the year attributable to ordinary shareholders	<u>N(292,403)</u>	<u>N(328,468)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>498,600</u>	<u>498,600</u>
Loss per share	<u>(58.64)k</u>	<u>(65.88)k</u>

31 **Related party transactions**

During the year, the Company carried out transactions with the Directors. These transactions were conducted on an arms length basis in the ordinary course of business. The amount of outstanding balances at the year end are as disclosed in Note 23(b) to the financial statements.

32 **Transactions with key management personnel**

- (a) Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the company.

Key management of the company includes executive and non-executive directors and members of the Executive Committee.

- (b) The compensation paid or payable to key management for employee services is shown below:

	N'000	N'000
Short-term employee benefits	18,917	18,917
Defined benefits scheme cost	-	-
Contribution to compulsory Pension Fund Scheme	<u>918</u>	<u>918</u>
	<u>19,835</u>	<u>19,835</u>

33 **Substantial Interest in shares**

The following shareholders of the Company held more than 5% of the issued share capital of the Company as at 31 December 2019

Shareholders	Number of shares	Percentage holding
a) Geoff Ohen Limited***	265,198,960	53.19
b) Estate of Eneli (Chief Alex C)	56,370,485	11.31
c) Mr A. A. Obiora FRCS	56,370,485	11.31
d) Dr. S. F Kuku OFR	56,370,485	11.31

*** There are issues in litigation and with regulatory authorities on a portion of the shareholding

34 **Financial Commitments**

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of affairs have been taken into consideration in the preparation of the financial statements under review.

35 **Contingent liabilities**

There were contingent liabilities in respect of legal actions against the Company, the monetary amount of which cannot be quantified. No provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe that any material liability will eventually be borne by the Company.

36 **Events after the reporting date**

The Directors are not aware of any events which occurred since 31 December 2019 which would have material effect on the financial statements at the date or which need to be mentioned in the financial statements in order not to make them misleading as to the results of operations or financial position at 31 December 2019.

In compliance with the requirements of Financial Reporting Council of Nigeria(FRC) and the Institute of Chartered Accountants of Nigeria(ICAN) in respect of COVID 19, the Directors have assessed its impact on the financial statements as a whole and are of the opinion that it has no material effect.

37 **Comparative figures**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with International Accounting Standard (IAS)1.

39 Segment reporting

31 December 2019	OTHER STRATEGIC BUSINESS UNITS N'000	STAND ALONE N'000	CAPITATION N'000	TOTAL N'000
REVENUE	576,259	523,155	151,838	1,251,252
Drugs, consumables and services	(89,683)	(126,528)	(27,836)	(244,047)
Salaries and wages	(220,628)	(311,272)	(68,480)	(600,380)
TOTAL DIRECT COSTS	(310,311)	(437,799)	(96,316)	(844,427)
Electricity	(4,923)	(6,944)	(1,529)	(13,396)
Diesel	(29,475)	(41,585)	(9,148)	(80,209)
Cleaning costs	(3,457)	(4,877)	(1,073)	(9,407)
Utilities	(648)	(915)	(201)	(1,764)
Water	(516)	(728)	(159)	(1,403)
Repair & Maintenance	(4,281)	(6,040)	(1,329)	(11,650)
Discount and commission	-	(10,672)	-	(10,672)
TOTAL VARIABLE OVERHEADS	(43,300)	(71,761)	(13,439)	(128,501)
Depreciation - Buildings	(3,312)	(4,674)	(1,029)	(9,016)
Depreciation - Hospital Equipment	(36,993)	(63,377)	(11,483)	(111,853)
Depreciation - Plant & Machinery	(2,256)	(3,184)	(701)	(6,141)
TOTAL OTHER DIRECT OVERHEADS	(42,562)	(71,235)	(13,213)	(127,009)
SEGMENT PROFIT	180,085	(57,641)	28,871	151,315
				N'000
Other operating income				8,061
Administrative expenses				(422,708)
Finance expenses				(18,061)
TOTAL INDIRECT OVERHEADS				(432,708)
NET LOSS BEFORE TAX				(281,393)
TAXATION				(11,010)
LOSS FOR THE YEAR				(292,403)
31 December 2018	N'000	N'000	N'000	N'000
REVENUE	595,809	728,743	148,168	1,472,720
Drugs, consumables and services	(109,209)	(154,075)	(33,896)	(297,180)
Salaries and wages	(201,424)	(284,177)	(62,519)	(548,120)
TOTAL DIRECT COSTS	(310,633)	(438,252)	(96,415)	(845,300)
Electricity	(5,201)	(7,337)	(1,615)	(14,153)
Diesel	(40,483)	(57,115)	(12,565)	(110,163)
Cleaning costs	(4,291)	(6,053)	(1,332)	(11,676)
Utilities	(725)	(1,023)	(225)	(1,973)
Water	(599)	(845)	(185)	-1629
Repair & Maintenance	(6,644)	(9,373)	(2,062)	(18,079)
Discount and commission	-	(17,653)	-	(17,653)
TOTAL VARIABLE OVERHEADS	(57,943)	(99,399)	(17,984)	(175,326)
Depreciation - Buildings	(2,335)	(3,295)	(725)	(6,355)
Depreciation - Hospital Equipment	(94,258)	(132,989)	(29,258)	(256,505)
Depreciation - Plant & Machinery	(2,061)	(2,908)	(640)	(5,609)
TOTAL OTHER DIRECT OVERHEADS	(98,654)	(139,192)	(30,623)	(268,469)
SEGMENT PROFIT	128,579	51,900	3,146	183,625
				N'000
Other operating income				120,628
Administrative expenses				(518,904)
Finance expenses				(11,084)
TOTAL INDIRECT OVERHEADS				(409,360)
NET LOSS BEFORE TAX				(225,735)
TAXATION				(102,733)
LOSS FOR THE YEAR				(328,468)

Other strategic business units include general out patients, nursing, intensive care unit, medical, obstetrics and gynaecology, paediatrics, radiology and surgery.

	2019 N'000	%	2018 N'000	%
Revenue	1,251,252		1,472,720	
Other income	<u>8,061</u>		<u>120,628</u>	
	1,259,313		1,593,348	
Less: Bought-in-materials and services:				
Local	(536,332)		(759,212)	
Foreign	-		-	
Value added	<u>722,981</u>	<u>100</u>	<u>834,136</u>	<u>100</u>
% Value added as a percentage of revenue	<u>58%</u>		<u>57%</u>	
Distributed as follows:				
To pay employees' salaries, wages and fringe benefits				
Wages, salaries and benefits	835,378	116	758,571	91
To pay providers of fund - interest expenses	18,061	2	11,084	1
To provide for maintenance of property, plant and equipment				
Depreciation of property, plant and equipment	150,935	21	290,216	35
To pay taxes to Government				
Taxation	11,010	1	102,733	12
Results for the year:				
Loss for the year	<u>(292,403)</u>	<u>(40)</u>	<u>(328,468)</u>	<u>(39)</u>
	<u>722,981</u>	<u>100</u>	<u>834,136</u>	<u>100</u>

	31 December				
Statement of profit or loss	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Revenue	<u>1,251,252</u>	<u>1,472,720</u>	<u>1,485,458</u>	<u>1,352,347</u>	<u>1,371,147</u>
(Loss)/profit before taxation	(281,393)	(225,735)	(970,735)	96,545	175,771
Taxation	<u>(11,010)</u>	<u>(102,733)</u>	<u>(241,301)</u>	<u>(16,945)</u>	<u>(28,800)</u>
(Loss)/profit after taxation	<u>(292,403)</u>	<u>(328,468)</u>	<u>(1,212,036)</u>	<u>79,600</u>	<u>146,971</u>
Statement of financial position					
	N'000	N'000	N'000	N'000	N'000
Non-current assets	5,909,325	5,674,946	5,882,993	2,620,777	2,794,576
Net current					
(liabilities)/assets	(1,434,885)	(1,221,663)	(1,142,774)	(285,596)	376,752
Non-current liabilities	<u>(1,633,549)</u>	<u>(1,298,611)</u>	<u>(1,257,079)</u>	<u>(525,785)</u>	<u>(1,441,530)</u>
Net assets	<u>2,840,891</u>	<u>3,154,672</u>	<u>3,483,140</u>	<u>1,809,396</u>	<u>1,729,798</u>
Equity					
Share capital	249,300	249,300	249,300	249,300	249,300
Share premium	475,830	475,830	475,830	475,830	475,830
Reserve for bonus issue	12,375	12,375	12,375	12,375	12,375
Revaluation reserve	3,613,554	3,634,932	3,634,932	749,152	749,152
Retained earnings	<u>(1,510,168)</u>	<u>(1,217,765)</u>	<u>(889,297)</u>	<u>322,739</u>	<u>243,141</u>
Total equity	<u>2,840,891</u>	<u>3,154,672</u>	<u>3,483,140</u>	<u>1,809,396</u>	<u>1,729,798</u>