

UNION DIAGNOSTIC AND CLINICAL SERVICES LIMITED

ANNUAL REPORTS AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 2019



EJIGEME ANDREW & CO.

Chartered Accountants

CLUB ANNEX 9 TAFAWA BAL EWA SQUARE COMPLEX, RACE COURSE, LAGOS.

UNION DIAGNOSTIC AND CLINICAL SERVICES PLC
FINANCIAL STATEMENT: DECEMBER 31, 2019

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The Directors present their annual report prepared in accordance with International Financial Reporting Standards (IFRS) on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31st December, 2019. These financial statements have been prepared in addition to the Company's financial statements prepared in accordance with the Nigerian Statements of Accounting Standards.

Principal Activity

The principal activities of the Company during the period were mainly laboratory and clinical services.

Operating Results

The Profit/ (Loss) of the Company for the year, after taxation, was N 62,199,939 and it is proposed to be retained in reserves.

The following is a summary of the Company's operating results and accumulated losses:

	2019 N	2018 N
Accumulated Profit/ (loss) 1 January	82,691,058	(18,481,746)
Profit/ (Loss) for the year	62,199,939	101,172,804
	-----	-----
Accumulated Profit/ (losses) 31 December	144,890,997	82,691,058
	=====	=====

Directors and their Interests

The directors and their interest in the shares of the Company were as follows:

		31st December 2019 Number of Ordinary Shares of 50 kobo each
Ambassador B .A. Adeyemi	Chairman (Non Executive)	1,956,000
Dr.A.O. Akinniyi	Managing Director	161,758,457
Dr.A.Oyeneyin	Executive Director	-
Mr. A. Akinkoye	Non-Executive Director	1,272,000
Dr K. Akinmolayan	Non Executive Director	-
Mr. T Nwozor	Non Executive Director	-

Directors' Interest in Share

The interest of Directors in the issued share capital of the company as recorded in the Register of members and notified by the Directors for the purpose of Section 275 of the Companies and Allied matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

Note: Indirect Holdings by Akinkoye Abiodun of 272,997,974 units is beneficially held on behalf of Merryborne Investments Limited.

Directors' Interest in Contract

None of the Directors has given notice for the purposes of Section 277 of the Companies and Allied matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, that he has any interests in any specified company which was involved in a contract with the company during the year under review.

Analysis of Share Holding

The issued and fully paid up share capital of the company as at 31st December 2018 is 3,553,138,530 ordinary shares of 50kobo each. The range of shareholding as at 31st December 2018 is as follows:-

Range	No. of Shareholders	Total Holding	% Holding	Unit %
1-1,000	177	92,306	1.65	0.00
1,001 - 5,000	527	1,555,411	4.9	0.04
5,001 - 10,000	495	4,039,511	4.6	0.11
10,001 - 50,000	5415	116,793,328	50.36	3.29
50,001 - 500,000	3610	503,316,469	33.58	14.17
500,001 - 1,000,000	284	193,488,040	2.64	5.45
1,000,001 - 5,000,000	212	362,758,774	1.97	10.21
5,000,001 - 50,000,000	26	334,008,020	0.24	9.4
50,000,001 - 500,000,000	6	2,037,086,669	0.06	57.33
	10,752	3,553,138,528	100.00	100.00

Share Capital History

Authorised			Issued & Fully Paid		
Date	Increase	Cumulative	Date	Increase	Cumulative
1999	-	500,000	-	500,000	Cash
2005	385,044,000	385,544,000	284,544,000	285,044,000	Cash
2005	-	385,544,000	5,046,100	290,090,100	Cash
2007	615,455,500	1,000,999,500	94,946,489	385,036,590	Bonus
2007	1,244,501,000	2,250,000,000	-	-	-
2008	-	2,250,000,000	1,095,439,297	1,480,474,387	Cash
2009	-	2,250,000,000	296,094,877	1,776,569,264	Bonus

Substantial Interest in Shareholding.

According to the register of members, the following persons held more than 5% of the issued share capital of the company as at 31st December 2019

Shareholders	No of Shares	%
Dr. Olusola Akinniyi	233,462,131	6.6
Merrybome Investments Ltd.	272,997,974	7.7
Foyin Chemist and Stores	348,000,000	9.8
Senior Design Ltd.	453,798,638	12.8
LifeCare Partners Ltd.	498,000,000	14.1

Charitable Donations

The Company made no charitable donations during the year (2019: Nil)

Property, Plant and Equipment

Information relating to changes in property, plant and equipment is disclosed in Note 11 to the financial statements.

Post Balance Sheet Events

There are no post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31st December 2018 and the profit for the year ended on that date, which have not been adequately provided for or disclosed in these financial statements.

Acquisition of Own Share

The Company did not purchase any of its own shares during the year under review.

Employment and Employees

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons. All employees are given equal opportunities for self-development.

Employee Involvement and training

The Company keeps the employees informed as much as possible regarding the Company's performance and usually seeks their views whenever practicable on matters which affect them as employees.

Professional and technical expertise is the major assets of the Company and the Company is committed to invest in their future development. The Company believes strongly that the employees must not only be enabled to perform their day to day job, but their potentials must be unlocked to make it possible for them to unleash energy for uncommon results to achieve business goals.

Trainings are carried out at various levels both locally and outside Nigeria to expose them to best practices and improve knowledge transfer. Regular routine meetings are put in place to ensure exchange of ideas between staff and management through committees, Briefing sessions, team work and Staff meetings.

Health, safety at work and welfare of employees The Company ensures that our work environment is safe and clean. Employees enjoy free diagnostic and clinical services at all our branch locations which are supervised by full time Medical Doctors and qualified Nurses. Incentive schemes designed to meet the

circumstances of each individual are implemented whenever appropriate and some of these include bonus, salary review, promotion, status/official car and profit sharing.

Audit Committee

The Board has proposed as part of the agenda for this meeting to elect members of the Audit committee which will comprise equal number of Directors and shareholders pursuant to section 359(4) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004. The functions of the audit committee are as contained in s. 359 (6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

Auditors

In accordance with section 357 (2) of the Companies and Allied matters Act, Cap C20, Laws of the Federation of Nigeria 2004, Messrs.' Ejigeme Andrew & Co having indicated their willingness to continue in office and will continue in to serve as Auditors to the Company.

Unclaimed Dividend.

There is unclaimed Dividend amount of Fifteen Million, Two Hundred and Sixty Two Thousand Three Hundred and Thirty nine Naira and Seventy One Kobo (N15, 262,339.71) in total as at 31st December 2018.

In compliance with the Securities and Exchange Commission's rule, management had put in a complaint management policy on how to resolve complaints from shareholders and investors. In like manner the company had put in place as well, Securities Trading policy in compliance with Rule 17.15 Disclosure of Dealings in Issuers' shares, Rules of the Exchange 2015.

BY ORDER OF THE BOARD



Samuel Iroye

March 2020

Lagos, Nigeria.

Company Secretary

UNION DIAGNOSTIC AND CLINICAL SERVICES PLC
STATEMENT OF DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

DECEMBER 31st, 2019

The directors accept responsibility for the preparation of the annual financial statements, set out on pages 6 to 18 that give a true and fair view in accordance with International Financial Reporting Standards.

The Directors further accept responsibility for maintaining adequate accounting records and also for internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Directors have made 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:

AMB. BARIYU ADEYEMI
FRC/2016/NIM/00000015485

NAME OF DIRECTOR:

DATE 30TH MAY 2020

DR AKINNIYI OLUSOLA AMBROSE
FRC/2016/MDCN/00000014375

NAME OF DIRECTOR

DATE 30TH MAY 2020

AUDIT COMMITTEE REPORT

In accordance with the provision of section 359(6) of Companies and Allied Matters Acts, cap C20 LFN 2004, members of the Audit Committee of Union Diagnostic and Clinical Services Plc carried out the following functions under the Act:

- a. Review the scope and planning of the audit requirement of the external Auditors.
- b. Review the External Auditors Memorandum of recommendations on Accounting procedure and internal control together with Management responses thereon.
- c. Ascertain that the accounting and reporting policies of the Company for the year ended 31st December 2019 are in accordance with legal requirement.

In our own opinion, the scope and planning of the audit for the year ended 31st December 2019 were adequate and management responses to the auditor's findings were satisfactory.



Mr. Nelson Ojo (FRC/2017/ANAN/00000016532)

Chairman: Audit committee.

3rd Day of August , 2020

Members of Audit Committee,

Mr. Akinkoye Abiodun

Dr. Oyeneyin Abiodun

Mrs. Afelokhai Josephine



Our Ref:.....

Your Ref:.....

Your Ref:.....

Independent Auditor's Report

To the shareholders of Union Diagnostic and Service Plc.

Report on the audit of the financial statements

OPINION

We have audited the financial statement of Union Diagnostic and Clinical Services Plc. (the company), which comprises the statement of financial position as at 31st December 2019, the statement of profit and loss and the other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended and the notes to the financial statement including the summary of significant accounting policies.

In our opinion, the financial statement gives a true and fair view of the financial position of Union Diagnostic and Clinical Services Plc. as at 31st December 2019 and the financial performance and the cash flow for the year then ended in accordance with the international financial reporting standards the Companies And Allied Matters Act Cap C20 LFN 2004 and financial Reporting Council of Nigeria Act, 2011.

BASIS FOR OPINION

We conducted our audit in accordance with international standard on auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independent requirements applicable to performing audits in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN code and in accordance with other ethical requirements applicable to performing audit of financial statement in Nigeria. The ICAN Code is consistent with the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (part A and B). We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, 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.

Key Audit Matter

Inventories assets valuation (IAS 2)

The value of inventories assets (consumables Scientific materials) is a significant balance in the entity's statement of financial statement and is disclosed in note 12 to the financial statements. The valuation of the inventories assets involves significant judgment and assumptions.

The assumptions with the most significant impact on the consumable scientific assets valuation are the age profile of the scientific inventories and treatment of transactional cost to the company and the applicable source of supply which guarantees observable market data rather the subjective measurement.

How the matter was addressed in the audit

In evaluating the value of inventories assets we performed test of controls relating to the directors estimation of the assets. We also checked the compliance with the requirements of IAS 2: Inventories IFRS 13: fair value measurement. The fair value measurement (IFRS 13) takes into account its highest and best use.

Our procedures include the following:

- Reviewing the assumptions used and ensure they are reasonable with the recent economic trend in the country.
- Involving our internal valuation expert in valuation testing and the valuation were found to be appropriate.
- The measurement reflects the price that was acceptable to the entity in orderly transactions under current market conditions.
- The measurement valuation reflect the characteristics of the assets and its also relevant to the entity.

Other Information

The directors are responsible for the other information. The other information comprises the Directors Report, The Audit Committee's Report and the Company Secretary's Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's reports thereon.

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

In connection with our audit of the financial statement 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.

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

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give true and fair view in accordance with The Financial And Reporting Standard And The Requirement Of The Companies And

EJIGEME ANDREW & CO

Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 operation, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assesses the risk of material misstatement of the financial statements, whether due to fraud or error, and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit on order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion of 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 in the appropriateness of the directors use of the going concern basis of accounting and based on audit evidence obtained, whether a material uncertainty exist relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the company's financial statements represent for underlying transactions and event in a manner that achieves fair presentation.

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

We also provided the audit committee and directors with statement that we have complied with relevant ethical requirements regarding independence, and communicated relationship and other matters that may reasonably be thought to bear on our independence, where applicable, related safeguards.

Report on Other Legal and Regulatory Requirement

In accordance with the sixth schedule of Companies and Allied Matters Act CAP C20 2004 we express state that:

- 1) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for purpose of our audit.
- 2) The Company has kept proper books of account, as far as appears from our examination of those books.
- 3) The company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



EJIMGEME ANDREW OKWUDILI
MANAGING PARTNER
FRC/2015/ICAN/00000011485
LAGOS, NIGERIA
MARCH, 2020



EJIGEME ANDREW & CO
CHARTERED ACCOUNTANTS

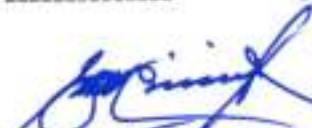
UNION DIAGNOSTIC AND CLINICAL SERVICES PLC
STATEMENT OF FINANCIAL POSITION.

DECEMBER 31", 2019

ASSETS	NOTES	2019 N	2018 N
Property, plant and equipment	(10)	4,182,175,306	3,638,520,840
Prepayments for non-current assets		7,672,982	70,808,874
Capital work in Progress		19,103,612	399,302,003
Total non-current assets		4,208,951,900	4,108,631,717
Inventory		2,939,312	4,191,664
Trade and other receivables	(13)	371,435,826	355,440,524
Investment in Shares		52,900,000	52,900,000
Cash and cash equivalents	(14)	19,689,029	123,253,927
Total current assets		446,964,167	535,786,115
Total assets		4,655,916,067	4,644,417,832
Equity			
Share capital	(15)	1,776,569,264	1,776,569,264
Share premium		2,616,172,623	2,616,172,623
Accumulated losses/profit	(15)	144,890,997	82,691,058
Total equity attributable to equity holders of the Company		4,537,632,884	4,475,432,945
Liabilities			
Trade and other creditors	(16)	74,728,585	98,504,249
Taxation	9 (b)	43,554,598	70,480,638
Total current liabilities		118,283,183	168,984,887
Total liabilities		118,283,183	168,984,887
Total equity and liabilities		4,655,916,067	4,644,417,832

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:


 Director
 FRC/2016/HIM/00000015485
 29th JUNE, 2020


 FRC/2016/MDCN/00000014375
 Director
 29th JUNE 2020

UNION DIAGNOSTIC AND CLINICAL SERVICES PLC
STATEMENT OF COMPREHENSIVE INCOME

DECEMBER 31st, 2019

		2019	2018
		N	N
Revenue	NOTES (21)	1,349,168,159	1,353,220,085
Cost of sales	(20)	344,899,324	417,130,995
Gross profit		<u>1,004,268,835</u>	<u>936,089,090</u>
Employee benefits expenses	(8)	445,331,101	391,504,938
Rent		35,000,000	34,612,620
Transportation and motor running expenses		32,706,642	15,208,058
Communication expenses		7,121,043	5,064,765
Depreciation and impairment	(11)	185,967,480	171,953,602
Legal, Consultancy & Other Professional fees		16,625,000	7,768,000
Repairs and maintenance		42,766,525	22,924,090
Other operating expenses	(19)	145,691,081	139,540,693
		<u>911,208,872</u>	<u>788,576,766</u>
Results from operating activities		<u>93,059,963</u>	<u>147,512,324</u>
Finance expense	(7)	(4,949,948)	(4,194,998)
Net finance expense		<u>(4,949,948)</u>	<u>(4,194,998)</u>
Profit/ (Loss) before income tax expense		88,110,015	143,317,326
Taxation	9 (a)	25,910,076	42,144,522
Profit/ (Loss) for the year		<u>62,199,939</u>	<u>101,172,804</u>
		<u>62,199,939</u>	<u>101,172,804</u>
Total comprehensive profit/ (loss) for the year		<u>1.75K</u>	<u>2.84K</u>
Earnings per share			

UNION DIAGNOSTIC AND CLINICAL SERVICES PLC
STATEMENT OF CHANGES IN EQUITY

DECEMBER 31st, 2018

	Share Capital N	Share Premium N	Accumulated Profit/ (Losses) N	Total Equity N
Balance at 1 January 2018	1,776,569,264	2,616,172,623	(18,481,746)	4,374,260,141
Total comprehensive income for the year				
Profit/(Loss) for the year	-	-	101,172,804	101,172,804
	-----	-----	-----	-----
Total comprehensive income for the year	1,776,569,264	2,616,172,623	82,691,058	4,475,432,945
	=====	=====	=====	=====
Balance at 1 January 2019	1,776,569,264	2,616,172,623	82,691,058	4,475,432,945
Total comprehensive income for the year				
Profit/ (Loss) for the year	-	-	62,199,939	62,199,939
	-----	-----	-----	-----
Total comprehensive income for the year	1,776,569,264	2,616,172,623	144,890,997	4,537,632,884
	=====	=====	=====	=====

UNIONDIAGNOSTIC AND CLINICAL SERVICES LIMITED
STATEMENT OF CASH FLOW

DECEMBER 31st, 2019

		2019		2018
	N	N	N	N
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) for the period before taxation		88,110,015		143,317,326
Adjustments For Items Not Involving Movement Of Funds :				
Depreciation	185,967,480		171,953,602	
Prior year adjustment/Impairments	-	185,967,480	-	171,953,602
(Profit)/Loss on disposal of asset	-			
		<u>274,077,495</u>		<u>315,270,928</u>
Cash flow before changes in working capital				
(Increase)/Decrease in inventories	1,252,352		8,969,094	
(Increase)/Decrease in Debtors & Prepayment	(15,995,302)		13,102,286	
Increase/(Decrease) in Creditors & Accruals	(23,775,664)		34,741,358	
Increase/(Decrease) in investment in shares	-		(52,900,000)	
		<u>(38,518,614)</u>		<u>3,912,738</u>
		235,558,881		319,183,666
Tax paid		<u>(52,836,116)</u>		<u>(35,471,105)</u>
Net cash flow from operating activities		<u>182,722,765</u>		<u>283,712,561</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(729,621,946)		(120,312,490)	
Proceeds from Sale of capital WIP	443,334,283		(61,581,653)	
Net cash used in investing activities		<u>(286,287,663)</u>		<u>(181,894,143)</u>
		<u>(103,564,898)</u>		<u>101,818,418</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Net cash used in financing activities				
Net (decrease) increase in cash and cash equivalent		123,253,927		21,435,509
Cash and cash equivalents at 1st January		19,689,029		123,253,927
Cash and cash equivalents at 31st December		<u>=====</u>		<u>=====</u>

1 Reporting entity

Union Diagnostic & Clinical Services PLC ("the Company") is a company domiciled in Nigeria. The address of the Company's registered office is in Lagos.

The Principal activity of the company continues to be Laboratory and Clinical Services.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with international Financial Reporting Standards (IFRS). They have been prepared in addition to the Company's statutory financial statements, which were prepared in accordance with Statements of Accounting Standards applicable in Nigeria ("Nigerian GAAP").

The financial statements were authorized for issue by the directors on 2020

(b) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional currency.

(c) Basis of measurement

These financial statements are prepared on the historical cost basis.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in the following notes: Note 4 on determination of fair values of financial instruments

Note 9 on utilization of tax losses

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency

Foreign currency transactions are recorded at the rates of exchange on the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate.

Exchange differences arising on the settlement of transactions at rates different from those at the dates of the transactions, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the profit or loss.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For non-monetary financial assets held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealized exchange differences are recognised in the profit or loss. For available-for-sale equity instruments, unrealized exchange differences are recorded in other comprehensive income.

(b) Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses

Cost includes expenditures that are directly attributable to the acquisition of the asset. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit and loss.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives for the current year are as follows:

Land and Buildings	80 years
Plant & Machinery	20 years
Motor Vehicles	5 years
Office Furniture & Fittings	10 years
Medical Equipment	20 years
Office Equipment	20 years

Depreciation methods, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate.

De-recognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the (asset) is included in profit or loss in the year the asset is derecognized.

(C) Trade and other payables

Trade and other payables are stated at amortized cost using the effective interest method. Short-duration other payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest would be significant.

Other

Other non-derivative financial instruments which comprise of loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method, less any impairment losses. Short-term trade receivables, other receivables, trade payables and other payables with no stated interest rate are carried at original invoice amounts where the effect of discounting is not significant.

Derecognition

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. Where the Company enters into transactions under which it transfers assets recognized on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them, then the transferred assets are not derecognized from the statement of financial position if all or substantially all risks and rewards are retained. In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(D) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as deductions from equity, net of any tax effects.

(E) Taxation

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment required for prior period.

(G) Employee benefits

Retirement of Benefit Scheme

The Company provide for a retirement benefit scheme in accordance with the provision of Pension Reform Act, 2004. The Scheme is been funded through monthly contribution of 10% by the Company and 8% by employees.

This Pension Scheme is been managed by Stanbic IBTC Pensions.

(H) Provision

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that a transfer of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(I) Revenue

Revenue represents the value of services rendered to third parties net of discounts allowed in the ordinary course of business. Services rendered to third parties comprises of providing Laboratory & Clinical Services. Revenue is recognized when persuasive evidence exists, usually in the form of an executed agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the amount of revenue can be measured reliable. Invoices paid or billed in advance are deferred and treated as liabilities in the year such payments are received.

These amounts are amortized and the corresponding amounts are recognized as income in the period to which they relate.

(J) Finance income and expense

Finance income comprise of interest on funds invested. Finance costs comprise interest expense on borrowings and bank charges.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the profit and loss using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position except for foreign currency translation differences recorded in other comprehensive income.

(k)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.

4 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined or measurement and/or disclosure purposes based on the following methods.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of the future cashflows, discounted at the market rates of interest at the reporting date. For trade and other receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. Other non-derivative financial liabilities

Fair value which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting date. For trade and other creditors with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

5 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, including implementation and monitoring of these policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board has set up a Corporate Governance Committee which ensures that the Company's corporate profile is strategically aligned with the vision of the shareholders, and it's Board. The Committee makes recommendation on the membership and composition of the Board and all its sub committees. It also makes recommendation to the Board on the adoption of corporate governance codes, and practices as well as setting up policies aimed at advancing good governance and sound corporate culture that are aligned with the Company's risk management policies.

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, and arises principally from the Company's receivables from customers.

The Company has no significant concentration of credit risk, with no exposure a large number of customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company's client base consists mainly of the major states in Nigeria who have proven track record, own a significant share of the market and have financial backing from their banks.

Credit Collateral

The Company generally does not hold collateral over its loans and receivable financial assets and no such collaterals were held as at 31 December 2019.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company bill customers for services in arrears. This assists in monitoring cash flow requirements and optimising its cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

The Company manages market risk by keeping costs low to keep prices within profitable range, foreign exchange risks are managed using latest official rates, benchmarking interest rates to LIBOR with a large margin thereon at fixed rates while not foreclosing the possibility of taking interest rate hedge products should there be need to do so. The Company is not exposed to any equity price risks.

Currency risk

The Company is not exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency, the Naira.

The currencies giving rise to this risk are primarily the Nigerian Naira and US Dollars (USD) which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

Interest rate risk

The Company has no loans denominated in foreign currency (USD) and Naira.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as Share Capital plus Share Premium, Deposit for

Shares and Accumulated Profit or Losses.

There were no changes to the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

6 Revenue

The Company's revenue accrues solely from its laboratory and clinical services to third parties net of Value Added Taxes.

7 Finance income and expense

Recognized in profit or loss

Bank charges

Total

2019

N

4,949,948

4,949,948

2018

N

4,194,998

4,194,998

8 Employee benefits expenses

(a) Employee benefit expenses comprise wages, salaries and pension costs as follows:

EMPLOYEES

Wages, salaries, allowances and commissions

Pension costs and gratuities

ITF

NSIF

2019

N

438,348,155

4,990,045

1,992,901

--

445,331,101

2018

N

384,570,823

6,201,950

484,555

247,610

391,504,938

(b) Higher paid employees:

Higher paid employees of the Company, whose duties were wholly or mainly discharged in Nigeria, received remuneration in excess of N500, 000 (excluding pension contributions and certain benefits) during the period, were as follows:

i. The average number of full time persons employed by the Company during the year was as follows:

	2019 Number	2018 Number
0 - N 500,000	112	112
N 500,001 - N1,000,000	133	133
N1,000,001 - N2,000,000	156	156
N2,000,001 - N3,000,000	54	54
N3,000,001 - N4,000,000	12	12
N4,000,001 - N5,000,000	4	4
N5,000,001 - N6,000,000	7	7
N6,000,001 - N7,000,000	3	3
N7,000,001 - Above	5	5
	-----	-----
	486	486

ii.

	2019 Number	2018 Number
Finance, Human Resource and Administration	60	60
Commercial and Regulatory	2	2
Operations, Customer Services	24	24
Information technology	11	11
Sales and Marketing	205	200
Legal	2	2
Quality Control and Business Processes	156	156
Internal Audit	15	15
Procurement and Logistics	11	11
	-----	-----
	486	486
	=====	=====

(c) Directors' remuneration:

Remuneration paid to directors of the Company (excluding certain other benefits) was as follows:

	2019	2018
	N	N
Other emoluments	125,000	160,000
	<u>125,000</u>	<u>160,000</u>
	=====	=====

The directors' remuneration shown above includes:

The remuneration of all other directors fell in the ranges below:

	2019	2018
	Number	Number
Nil	0	0
N500,001 - N1,000,000	0	0
N1,000,001 - N2,000,000	2	2
N2,000,001 - N10,000,000	0	0
N10,000,001 - N20,000,000	0	0
N20,000,001 and above	0	0
	2	2

(9) TAXATION

(i) Profit and loss account:

Income tax for the year
Income tax - Educational Levy

	N	N
Income tax for the year	18,733,362	30,471,104
Income tax - Educational Levy	7,176,714	11,673,418
	<u>25,910,076</u>	<u>42,144,522</u>
	=====	=====

(ii) Balance Sheet:

Tax charge for the year
Unpaid tax for previous year

	N	N
Tax charge for the year	25,910,076	42,144,522
Unpaid tax for previous year	17,644,522	28,336,116
	<u>43,554,598</u>	<u>70,480,638</u>
	=====	=====

UNION DIAGNOSTIC AND CLINICAL SERVICES PLC

DECEMBER 31ST, 2019

NOTES TO THE ACCOUNTS

10. Earnings/Loss per share

Basic Earnings/loss per share

The calculation of basic Earnings/ (loss) per share at 31 December 2019 was based on the Profit/(loss) attributable to ordinary shareholders of N62,199,939 (2018: N101,172,804) and on 3,553,138,528 ordinary shares of 50K each (2018: 3,553,138,528 being the number of ordinary shares in issue during the year).

11. Property, Plant and Equipment	Land & Building	Medical Equipment	Mach, Plant & office equipment	Office furniture	Motor vehicles	Total
COST/VALUATION						
At 1st January, 2019	3,219,359,790	2,150,966,988	213,041,298	24,255,910	139,832,060	5,747,456,046
Additions for the year	441,689,903	185,306,043	73,802,950	15,773,050	13,050,000	729,621,946
Disposal	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
At 31st December, 2019	3,661,049,693	2,336,273,031	286,844,248	40,028,960	152,882,060	6,477,077,992
DEPRECIATION						
At 1st January, 2019	240,488,657	1,606,119,483	106,450,371	18,480,235	137,396,460	2,108,935,206
Charge for the year	45,763,120	116,813,652	14,342,212	4,002,896	5,045,600	185,967,480
Adjustments	-	-	-	-	-	-
At 31st December, 2019	286,251,777	1,722,933,135	120,792,583	22,483,131	142,442,060	2,294,902,686
NET BOOK VALUE						
At 31st December, 2019	3,374,797,916	613,339,896	166,051,665	17,545,829	10,440,000	4,182,175,306
At 31st December, 2018	2,978,871,133	544,847,505	106,590,927	5,775,675	2,435,600	3,638,520,840

12. INVENTORIES		
Consumables	2,939,312	4,191,664
	<u>2,939,312</u>	<u>4,191,664</u>
	=====	=====
	2019	2018
13. TRADE AND OTHER RECEIVABLES		
Amounts falling due within one year:		
Trade Debtors	101,386,005	62,480,329
Staff debtors	--	3,335,720
Other Debtors	270,049,821	276,049,821
Prepayments and accrued income	--	4,605,556
Sundry Debtors	--	8,969,098
	<u>371,435,826</u>	<u>355,440,524</u>
	=====	=====
14. Cash and cash equivalents		
Bank and cash balances	19,689,029	123,253,927
	<u>19,689,029</u>	<u>123,253,927</u>
	=====	=====
	2019	2018
15. SHARE CAPITAL AND RESERVES		
Authorised:	N	N
4,500,000,000 ordinary shares of .50k each	2,250,000,000	2,250,000,000
	=====	=====
Allotted, called - up and fully paid:		
3,553,138,530 ordinary shares of .50k each	1,776,569,264	1,776,569,264
	=====	=====
	2,616,172,623	2,616,172,623
	=====	=====
SHARE PREMIUM		
	2019	2018
RESERVES		
At 1st January	82,691,058	(18,481,746)
Current profit/ (loss)	62,199,939	101,172,804
	<u>144,890,997</u>	<u>82,691,058</u>
	=====	=====

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2019	2018
	N	N
Balance at 1 January	-	-
Impairment losses recognised	-	-
Write off		
Balance at 31 December	-	-

18. Events after the reporting date

There were no significant events after the reporting date which could have had a material effect on the financial position of the Company as at 31 December 2019, which have not been adequately provided for.

19. Corresponding figures

Where necessary, certain corresponding figures have been reclassified in line with the presentation format adopted in the current year.

UNION DIAGNOSTIC AND CLINICAL SERVICES
NOTES TO THE ACCOUNT

DECEMBER 31", 2019

	2019	2018
	N	N
19. OTHER OPERATING EXPENSES		
Accommodation	--	--
Vehicle Repairs And Maintenance	9,401,975	22,866,310
Diesel Generator	55,972,710	44,877,850
Staff Welfare – Uniform	410,000	2,350,000
Medical Expenses	--	--
AGM Expenses	3,885,813	4,979,462
Toiletries	2,684,330	3,048,695
Insurance Expenses	1,076,519	12,869,735
Utility Bill	13,415,422	8,762,570
Government Rate	5,407,465	4,699,861
Medical License Expenses	4,701,200	1,643,000
Travelling Expenses	5,125,538	2,984,913
Entertainment	--	--
Office Expense	21,243,317	10,384,455
Printing And Stationery	7,488,955	5,908,025
Advertisement	330,430	377,670
Subscription	2,340,470	4,106,003
Land Use Charge	--	--
Public Relation	600,000	1,342,000
Business Premises	--	--
Maintenance Fee	3,614,449	314,806
Staff Training	3,455,721	5,024,000
Health Insurance	3,947,767	1,000,000
Staff Incentive	--	1,841,338
Donation, Due & Subscription	464,000	--
	-----	-----
	145,566,081	139,380,693
	=====	=====
DIRECTORS ALLOWANCE		
Directors Remuneration	125,000	160,000
	-----	-----
TOTAL OTHER OPERATING EXPENSES	145,691,081	139,540,693
	=====	=====

**UNION DIAGNOSTIC AND CLINICAL SERVICES
NOTES TO THE ACCOUNT**

DECEMBER 31", 2019

DIRECT COST

	2019	2018
	N	N
Branch Consumable	2,721,480	6,546,345
Consumable	108,388,186	189,283,357
Doctors Rebate	122,718,153	125,098,305
ECG Lab reporting	13,707,260	19,064,860
Improvement (Renovation Of Office)	1,082,000	21,033,200
Maintenance Medical Equipment	8,637,850	17,917,471
Marketing Expenses	7,845,964	107,630
Office Consumable	2,827,575	1,093,900
Printing Referral Forms	14,640,990	3,354,000
Radiation Badge	935,000	4,442,000
Reporting Fees	47,998,473	21,531,907
Scan Charges	427,850	1,173,020
X-Ray Jacket	1,000,000	6,485,000
X-Ray Reporting	780,700	--
X-Ray Renovation	1,057,500	--
DNA Reporting	3,510,425	--
ECLO Reporting	30,000	--
Endoscopy	1,370,000	--
Other Cost Of Sales	413,050	--
Clearing Fee/ Custom Duties	950,000	--
Sales Software	3,856,868	--
	-----	-----
	344,899,324	417,130,995
	=====	=====