



EKOCORP PLC
FINANCIAL STATEMENTS
31 DECEMBER 2020



Corporate information

Directors	<p>Dr. Amaechi A. Obiora FRCS Dr. Sony Folorunso Kuku, OFR, FAS 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</p>	<p>- Chairman - Director - Director - Director - Director - Director - Director - Director</p>
Registered Office	<p>The Eko Hospital 31, Mobolaji Bank Anthony Way Ikeja, Lagos</p>	
Company Secretary	<p>Joyce Ndidiamaka Modilim 31, Mobolaji Bank Anthony Way Ikeja, Lagos</p>	
Registrar	<p>GTL Registrars Limited 274, Muritala Muhammed way Alagomeji, Yaba Lagos</p>	
Auditors	<p>BDO Professional Services 15 CIPM Avenue Central Business District , Alausa Ikeja Lagos</p>	
Solicitors	<p>Umudjoro & Co. 4 Otunba Oshikoya Drive Off Mobolaji Bank Anthony Way Ikeja Lagos</p>	
Bankers	<p>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 Limited Wema Bank Plc Sterling Bank Plc Jubilee Life Savings and Loans Limited</p>	

The global economy woke up to the devastating effects of the COVID-19 pandemic during the year. The disease caused a global recession whose depth was surpassed only by the two World Wars and the Great Depression over the past century and a half. Although global economic activity is growing again, it is not likely to return to business as usual for the foreseeable future. Many lives have been lost just as millions are being tipped into extreme poverty. The disease is expected to inflict lasting scars that push activity and income well below their pre-pandemic trend for a prolonged period.

The incipient recovery was initially supported by a partial easing of stringent lockdowns. Various restrictive measures have been reintroduced, however, as COVID-19 has continued to spread around the world. Some areas have experienced a sharp resurgence of infections, and daily new cases remain high. There has been substantial progress in the development of effective vaccines, and inoculation has begun in some countries. A more general rollout in advanced economies and major emerging market and developing economies (EMDEs) is expected to proceed early in 2021.

The company's turnover dipped by 22% largely due to the effects of the pandemic as well as our inability to quickly respond to the opportunities that presented during the year. We are currently reorganising our priorities and revitalising our resources with a view to propelling us to a better 2021 financial year. Efforts will be channeled towards reflation of the company with adequate funding and motivating the workforce appropriately.

The renovation of our Surulere Branch to good ambience is in direct response to the request of our esteemed clients and is a foretaste of what is expected to happen at our Ikeja Head Office during the year. More modern equipment and facilities are being systematically acquired to complement the efforts at presenting a world class hospital facilities to the benefit of our patients and clients. We believe that these will position us to better provide the desired level of healthcare services to our esteemed clients.

We appreciate all our highly valued shareholders and other stakeholders for their continued support at all times. We count on your continued support in the new year!



Chief (Dr.) Amechi A. A. Obiora, FRCS
Chairman, Board of Directors

DIRECTORS' REPORT

The Directors present their report of the Company for the year ended 31 December 2020. 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) LFN 2020 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 2020 ₦'000	31 December 2019 ₦'000
Revenue	981,019	1,251,252
Loss Before Tax	(345,379)	(281,393)
Tax expense	(2,453)	(11,010)
Loss After Tax	(347,832)	(292,403)
Other Comprehensive Income	-	(21,378)
Total Comprehensive loss	(347,832)	(313,781)

The results for the year are set out in the Statement of Profit or Loss and Other Comprehensive Income on Page 4.

Board of Directors

The Directors who held Office during the year are:

Dr. Sony Folorunso KUKU, OFR, FAS

Dr. George Okpagu, mni, KSM

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 301 of the Companies and Allied Matters Act 2020 and as disclosed in accordance with the listing requirement of the Nigerian Stock Exchange is shown below:

ANALYSIS OF SHAREHOLDINGS

Direct Shareholders	2020		2019	
	Share Structure	%	Share Structure	%
Dr. Sony Folorunso KUKU, OFR, FAS	56,370,485	11.31	56,370,485	11.31
Dr. Amechi A. OBIORA, FRCS	56,370,485	11.31	56,370,485	11.31
Dr. Geoffrey C. OHEN Jr. FAGP	768,530	0.15	476,868	0.10
Prof. Joseph O. Irukwu, OON, SAN	51,269	0.01	51,269	0.01
	<u>113,560,769</u>	<u>22.78</u>	<u>113,269,107</u>	<u>22.73</u>
Indirect Share Holders	2020		2019	
	Share Structure	%	Share Structure	%
Geoff Ohen Limited * * *	148,640,972	29.81	265,427,720	53.23
Pastor S.O. Nathaniel	1,085,562	0.22	1,085,562	0.22
Senator M.N.I Ajegbo (Representing the Estate of Eneli (Chief) Alex C)	56,370,485	11.31	56,370,485	11.31
	<u>206,097,019</u>	<u>41.34</u>	<u>322,883,767</u>	<u>65</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 2020.

Shareholders	Number of Sares	% of Holding
Geoff Ohen Limited * * *	148,640,972	29.81
MWML Nominees Limited	120,000,000	24.07
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	4,065	44.38	2,067,855	0.41
1,001 - 5,000	3,907	42.66	8,235,877	1.65
5,001 - 10,000	585	6.39	3,913,480	0.78
10,001 - 50,000	501	5.47	9,594,575	1.92
50,001 - 100,000	42	0.46	2,780,404	0.56
100,001 - 500,000	41	0.45	7,583,240	1.52
500,001 - 1,000,000	7	0.08	5,080,347	1.02
1,000,001 - 5,000,000	5	0.05	14,927,663	2.99
5,000,001 - 10,000,000	1	0.01	6,665,038	1.34
10,000,001 - and above	5	0.05	437,752,427	87.8
	<u>9,159</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 303 of the Companies and Allied Matters Act, 2020 of any other declarable interest in Contracts which the Company is involved as at 31 December 2020.

Capital Commitment

All capital expenditures for which, approval had been given by the Directors as at 31 December 2020 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 26**.

Investment - (Available-for-Sale Financial Assets)

Following the acquisition of the entire equity in Clearline HMO International Limited by Greenlife Pharmaceuticals Limited during the year, the Company sold its minority stake in the shares of Clearline for cash. The proceeds of sale as well as the profit thereon has been fully accounted for.

	2020	2019
	₦	₦
Clearline	-	500,000

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, 2020. 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 did not make any donations during the financial year ended 31 December, 2020.

Independent Auditors

The Auditors, Messrs BDO Professional Services, having indicated their willingness to continue in Office in accordance with Section 401(2) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their Remuneration.

By order of the Board

Date: 29 March 2021


Joyce Ndidiamaka Modilim
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 eight (8) 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-today 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, Laws of the Federation of Nigeria, 2020 and the Financial Reporting Council of Nigeria Act, 2011;
- b. Maintain adequate Accounting Records as required by the Companies and Allied Matters Act, 2020 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 six (6) 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 284(2) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, the record of attendance of the Directors at Board Meetings is available for inspection at the Annual General Meeting of the Company. 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. A. A. Obiora, FRCS	Director/Chairman	6
Dr. S. F. Kuku, OFR, FAS	Director/Member	6
Mr. Uzochukwu Eneli	Director/Member	6
Professor J. O. Irukwu SAN, OON	Director/Member	6
Pastor S. O. Nathaniel	Director/Member	6
Dr. Geoffrey Ohen Jnr.	Director/Member	6
Dr. George Okpagu, mni, KSM	Director/Member	6
Mr. Olusegun Olusanya	Director/Member	6

The Board planned to meet six (6) times and met six (6) 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
Pastor S. O. Nathaniel	Chairman	1
Dr. Geoffrey Ohen Jnr.	Member	1
Professor J.O. Irukwu SAN, OON	Member	1
Mr. Uzochukwu Eneli	Member	0
Dr. George C. Okpagu	Member	1

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 404 (2) of the Companies and Allied Matters Act 2020 the following Members and Directors elected, pursuant to Section 404 (3) 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. The Committee met three (3) times during the year.

Attendance	Designation	Attendance
Engr. (Mrs) Mayen Adetiba	Chairperson	3
Mr. Uzochukwu Eneli	Director/Member	NIL
Mr. Olusegun Olusanya	Director/Member	1
Pastor S. O. Nathaniel	Director/Member	2

Attendance	Designation	Attendance
Mr. Clement A. C. Opara	Shareholder/Member	3
Mr. Tajudeen Imran Adesina	Shareholder/Member	3

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
Mr. Olusegun Olusanya	Chairman	4
Professor J. O. Irukwu SAN, OON	Member	4
Dr. Sony F. Kuku, FAS	Member	4
Mr. Uzochukwu Eneli	Member	4
Pastor S. O. Nathaniel	Member	2
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
Dr. Sony F. Kuku, FAS	Chairman	1
Pastor S.O. Nathaniel	Member	1
Dr. Geoffrey Ohen Jnr.	Member	1
Dr. George C. Okpagu	Member	1

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 2020 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, 2020 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, 2020 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.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Director

Date: 30 March 2021



Director

Date: 30 March 2021

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF EKOCORP PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, 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 2020 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

30 March 2021
Date

**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 2020, 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 2020 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, 2020.

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 file
- 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 treated as unposted lodgements in the bank reconciliation statements 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, 2020, 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, 2020 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
31 March 2021

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 2020

	Notes	2020 N'000	2019 N'000
Revenue	7	981,019	1,251,252
Cost of sales	8	<u>(832,140)</u>	<u>(1,099,937)</u>
Gross profit		148,879	151,315
Operating expenses	9	(467,461)	(422,708)
Other operating Income	10	<u>266</u>	<u>8,061</u>
Loss from operations		<u>(318,316)</u>	<u>(263,332)</u>
Finance income	11	5,031	-
Finance expenses	11	<u>(32,094)</u>	<u>(18,061)</u>
Net finance expenses		<u>(27,063)</u>	<u>(18,061)</u>
Loss before taxation	12	(345,379)	(281,393)
Tax expense	13	<u>(2,453)</u>	<u>(11,010)</u>
Loss for the year		<u>(347,832)</u>	<u>(292,403)</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>-</u>	<u>(70,250)</u>
		<u>-</u>	<u>(21,378)</u>
Items that will or may be reclassified to profit or loss:		<u>-</u>	<u>-</u>
Total other comprehensive loss		<u>-</u>	<u>(21,378)</u>
Total comprehensive loss		<u>(347,832)</u>	<u>(313,781)</u>
Loss per share(kobo)	30	<u>(69.76)k</u>	<u>(58.64)k</u>

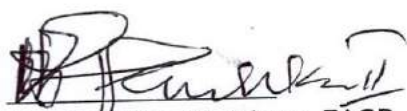
The accompanying notes on pages 8 to 35 and other national disclosures on pages 36 and 37 form an integral part of these financial statements.

Auditors' report, pages 1 to 3

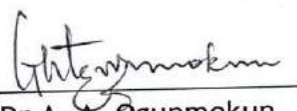
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Assets			
Non-current assets			
Property, plant and equipment	15	6,022,382	5,883,860
Intangible assets	16	27,595	24,965
Fair value through other comprehensive income financial assets	17	-	500
		<u>6,049,977</u>	<u>5,909,325</u>
Current assets			
Inventories	18	25,948	12,122
Trade and other receivables	19	281,149	408,782
Cash and cash equivalents	20	18,320	8,380
		<u>325,417</u>	<u>429,284</u>
Total assets		<u><u>6,375,394</u></u>	<u><u>6,338,609</u></u>
Liabilities			
Current liabilities			
Borrowings	21	209,986	143,686
Trade and other payables	22	1,835,497	1,548,086
Deposit for shares	23	118,057	118,057
Income tax payable	13(iv)	40,988	54,340
		<u>2,204,528</u>	<u>1,864,169</u>
Non-current liabilities			
Borrowings	21	328,250	328,250
Deferred tax liabilities	14	920,314	920,314
Employee benefits obligations	24	429,243	384,985
		<u>1,677,807</u>	<u>1,633,549</u>
Total liabilities		<u><u>3,882,335</u></u>	<u><u>3,497,718</u></u>
Net assets		<u><u>2,493,059</u></u>	<u><u>2,840,891</u></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	3,613,554
Retained earnings	29	(1,858,000)	(1,510,168)
Total equity		<u><u>2,493,059</u></u>	<u><u>2,840,891</u></u>

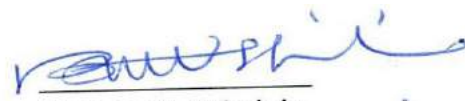
The financial statements and accompanying notes on pages 4 to 37 were approved by the Board of Directors on 30 March 2021 and signed on its behalf by:



Dr. Geoffrey C. Ohen, FAGP
Director
FRC/2021/003/00000022956



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 8 to 35 and other national disclosures on pages 36 and 37 form an integral part of these financial statements.

Auditors' report, pages 1 to 3

EKOCORP PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	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 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 income	-	-	-	(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
Balance at 1 January 2020	249,300	475,830	12,375	3,613,554	(1,510,168)	2,840,891
Comprehensive income for the year						
Loss for the year	-	-	-	-	(347,832)	(347,832)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(347,832)	(347,832)
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	-	-
Total transactions with equity owners	-	-	-	-	-	-
Balance at 31 December 2020	249,300	475,830	12,375	3,613,554	(1,858,000)	2,493,059

The accompanying notes on pages 8 to 35 and other national disclosures on pages 36 and 37 form an integral part of these financial statements.

Auditors' report, pages 1 to 3

EKOCORP PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Cash flows from operating activities			
Loss for the year		(347,832)	(292,403)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	15	97,669	150,935
Gain on disposal of financial assets FVOCI	17(c)	(4,792)	-
Interest on finance lease	(21(a))	3,576	7,233
Interest on term loan	11	19,034	1,134
Income tax expense	13	2,453	11,010
		<u>(229,892)</u>	<u>(122,091)</u>
(Increase)/ decrease in inventories		(13,826)	38,245
Decrease/ (increase) in trade and other receivables		127,633	(195,940)
Increase in trade and other payables		287,411	289,173
Increase in employees' benefits obligations		44,258	51,189
Cash generated from operations		<u>215,584</u>	<u>60,576</u>
Income taxes paid	13(iv)	(15,805)	(13,903)
Net cash inflow from operating activities		<u>199,779</u>	<u>46,673</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(236,191)	(452,934)
Purchase of intangible assets	16	(2,630)	(2,630)
Proceed on disposal of financial assets through Other Comprehensive Income	17(c)	5,292	-
Net cash used in investing activities		<u>(233,529)</u>	<u>(455,564)</u>
Cash flows from financing activities			
Finance lease obtained	(21(a))	-	404,000
Repayment of finance lease	21(a)	(10,521)	(14,956)
Loan obtained from third party	21(c)	40,000	-
Term loan	21(b)	80,000	-
Repayment of term loan	21(b)	(36,667)	-
Interest paid on finance lease and term loan	11	(22,610)	(1,134)
Net cash inflow from financing activities		<u>50,202</u>	<u>387,910</u>
Net increase/(decrease) in cash and cash equivalents		<u>16,452</u>	<u>(20,981)</u>
Cash and cash equivalents at the beginning of the year		<u>(39,739)</u>	<u>(18,758)</u>
Cash and cash equivalents at the end of the year	20	<u><u>(23,287)</u></u>	<u><u>(39,739)</u></u>

The accompanying notes on pages 8 to 35 and other national disclosures on pages 36 and 37 form an integral part of these financial statements.

Auditors' report, pages 1 to 3

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, 2020.

The financial statements were authorised for issue by the Board of Directors on 30 March 2021.

(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 standards, interpretations and amendments adopted from 1 January 2020

New standards effective for adoption in the annual financial statements for the year ended 31 December 2020 but had no significant effect or impact on the Company are:

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material);
- Revisions to the Conceptual Framework for Financial Reporting.
- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

(b) **New standards, amendments and interpretation issued not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments have not been adopted in preparing the financial statements for the year ended 31 December 2020:

- Onerous Contracts : Cost of Fulfilling a Contract (Amendments to IAS 37); effective date- 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); effective- date 1 January 2022
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); effective date 1 January 2022
- References to Conceptual Framework (Amendments to IFRS 3); effective date 1 January 2022

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 years 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 year.

(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 year. 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 2020 or 1 January 2020 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 date, 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 year 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 year.

(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 date.

At the end of each reporting date, 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 gynecology, 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 year 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	2020	2019
Financial assets	N'000	N'000
Trade and other receivables	279,758	397,022
Cash and cash equivalents	18,320	8,380
Total financial assets	<u>298,078</u>	<u>405,402</u>
Financial liabilities		Financial liabilities at amortised cost
	N'000	N'000
Trade and other payables	1,835,497	1,548,086
Borrowings	538,236	471,936
Total financial liabilities	<u>2,373,733</u>	<u>2,020,022</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:

	2020	2019
	N'000	N'000
Cash and cash equivalents	18,320	8,380
Trade and other receivables	<u>279,758</u>	<u>397,022</u>
	<u>298,078</u>	<u>405,402</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	11,609	5,405
Fidelity Bank Plc	544	45
Polaris Bank Limited	-	13
Keystone Bank Limited	6	7
First Bank of Nigera Limited	364	(89)
First City Monument Bank Limited	132	21
United Bank for Africa Plc	1,375	(376)
Wema Bank Plc	777	123
Jubilee Life Savings and Loans Limited	19	19
Access Bank Plc	75	99
Zenith Bank Plc	724	1,766
Sterling Bank Plc	84	337
Mainstreet Bank Limited	29	-
Union Bank of Nigeria Plc	251	-
	<u>15,989</u>	<u>7,370</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	Between 3 and 12 months	Between 1 and 5 years	Between Over 5 years	Total
	N'000	N'000	N'000	N'000	N'000
As at 31 December 2020					
Trade and other payables	-	1,835,497	-	-	1,835,497
Borrowings	-	209,986	328,250	-	538,236
	-	2,045,483	328,250	-	2,373,733
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

(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:

	2020 N'000	2019 N'000
Borrowings	538,236	471,936
Cash and cash equivalents	(18,320)	(8,380)
Net debt	519,916	463,556
Total equity	2,493,059	2,840,891
Debt to adjusted capital ratio (%)	21%	16%

7. Revenue	2020	2019
(a) Revenue by service centres:	N'000	N'000
Outpatients	50,004	67,832
Nursing	141,981	168,317
Intensive Care Unit	23,382	30,407
Medical	32,703	45,547
Paediatric	6,278	11,978
Obstetrics and Gynaecology	71,550	79,341
Radiology	30,138	55,144
Surgery	91,045	117,693
General services	386,060	523,155
Capitation	147,878	151,838
	<u>981,019</u>	<u>1,251,252</u>
(b) Revenue by type of customer:	N'000	N'000
Privates	281,972	229,009
Corporates	243,917	340,580
Health Maintenance Organisations	455,130	681,663
	<u>981,019</u>	<u>1,251,252</u>
(c) Revenue by geographic market:	N'000	N'000
Ikeja	948,693	1,149,376
Surulere	32,326	96,101
Ikoyi	-	5,775
	<u>981,019</u>	<u>1,251,252</u>
(d) Timing of provision of services	N'000	N'000
Point in time	833,141	1,099,414
Period of time	147,878	151,838
	<u>981,019</u>	<u>1,251,252</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))	509,960	600,380
Drugs and consumables	143,603	200,486
Medical services rendered	23,682	43,561
Depreciation of property, plant and equipment (Note 15)	78,001	127,009
Other direct costs (Note 8 (a))	76,894	128,501
	<u>832,140</u>	<u>1,099,937</u>
8(a) Other direct costs	N'000	N'000
Electricity	21,869	13,396
Diesel costs	28,286	80,209
Cleaning	10,040	9,407
Utilities	1,719	1,764
Water	990	1,403
Repairs and maintenance	6,852	11,650
Discount and commission	7,138	10,672
	<u>76,894</u>	<u>128,501</u>
9. Operating expenses	N'000	N'000
Salaries and wages (Note 12(a))	224,117	234,998
Board committees expenses	7,365	7,955
Staff welfare and training	368	8,667
Printing and stationery	3,387	6,173
Security expenses	11,316	5,636
Depreciation of property, plant and equipment (Note 15)	19,668	23,926
Electricity	21,869	13,396
Travels and transport	5,891	6,822

	2020	2019
	N'000	N'000
Legal fees	4,708	3,410
Repairs and maintenance	10,446	15,812
Internet and subscriptions	1,496	3,329
Audit fees	5,000	5,000
Secretarial, registrar, licensing and filing expenses	15,093	11,483
Insurance	3,425	673
Bank charges	5,411	1,241
Other expenses	8,611	6,429
Telephone and postages	3,271	3,617
Advertising and publicity	1,736	1,057
Public relations and entertainment	303	4,598
Newspapers and periodicals	111	471
Consultancy fees	46,757	23,445
ITF expenses	5,643	6,759
Expected credit loss on trade receivables (Note 19(a))	12,982	2,599
Expected credit loss on staff receivables (Note 19(d))	2,153	1,218
Expected credit loss on other receivables (Note 19(c))	33,311	11,306
Rent and rates	3,072	3,785
NSITF expenses	7,556	6,931
Business development expenses	400	415
Marketing expenses	1,995	506
Donation	-	1,051
	<u>467,461</u>	<u>422,708</u>
10. <u>Other operating income</u>	N'000	N'000
Other income	-	8,061
Unrealised foreign exchange gains	266	-
	<u>266</u>	<u>8,061</u>
(a) This is in respect of withholding tax receivables included in trade receivables written off in prior years now recovered.		
11. <u>Finance income and expenses</u>	N'000	N'000
Finance income		
Gains on disposal of financial assets (Note 17(c))	4,792	-
Interest income	239	-
	<u>5,031</u>	<u>-</u>
Finance expenses		
Interest on overdraft	(9,484)	(9,694)
Interest on term loan	(19,034)	(1,134)
Interest on finance lease	(3,576)	(7,233)
	<u>(32,094)</u>	<u>(18,061)</u>
Net finance expense recognized in profit or loss	<u>(27,063)</u>	<u>(18,061)</u>
12. <u>Loss before taxation</u>		
Loss before taxation is arrived at after charging:	N'000	N'000
Audit fees	5,000	5,000
Depreciation of property, plant and equipment	97,669	150,935
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:

	2020 N'000	2019 N'000
Cost of sales (Note 8)	509,960	600,380
Operating expenses (Note 9)	224,117	234,998
	<u>734,077</u>	<u>835,378</u>

(b) **Directors emoluments**

	N'000	N'000
(i) Chairman's emoluments (excluding pension contributions) totalled	-	-
(ii) Emoluments of the highest paid director (excluding pension contributions) amounted to:	-	-
	<u>-</u>	<u>-</u>

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:

	2020 Number	2019 Number
(iii) Over N1,000,000	-	-
Number of Directors who had no emoluments	8	7
	<u>8</u>	<u>7</u>

(c) **Employees**

Staff numbers and costs:

	Number	Number
(i) The average number of persons employed (excluding Directors) in the Company during the year were as follows:		
Management	13	15
Senior	76	90
Junior	207	280
	<u>296</u>	<u>385</u>
(ii) The aggregate payroll costs of these persons were as follows:	N'000	N'000
Wages, salaries, commission and allowances	611,523	835,378
	<u>611,523</u>	<u>835,378</u>

- (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:

	Number	Number
N100,000 - N599,000	37	-
N600,000 - N1,200,000	124	227
N1,200,001 - N2,400,000	82	95
N2,400,001 - N3,600,000	30	33
N3,600,001 and above	23	30
	<u>296</u>	<u>385</u>

13 **Income tax**

	N'000	N'000
(i) Statements of profit or loss account		
Company income tax	-	6,297
Education tax	-	-
Minimum tax	2,453	-
Underprovision in the prior years:		
Company income tax	-	148
Education tax	-	194
Deferred tax provision	-	4,371
	<u>2,453</u>	<u>11,010</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:

	2020 N'000	2019 N'000
Loss before taxation	<u>(345,379)</u>	<u>(281,393)</u>
Tax at the statutory corporation tax rate of 30%	(103,614)	(81,165)
Effect of income that is exempt from taxation	(80)	(490)
Effect of expenses that are not deductible in determining taxable profit	43,937	46,778
Effect of minimum tax	2,453	6,297
Education tax	-	-
Capital allowance	-	-
Fiscal losses	59,757	34,877
Deferred tax provision	-	4,371
Under provision in prior years	-	342
Tax expense recognised in profit or loss	<u>2,453</u>	<u>11,010</u>
Effective rate	<u>1%</u>	<u>4%</u>

The tax rate used for 2020 and 2019 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 2020.

	N'000	N'000
iv) Statement of financial position		
Balance at the beginning of the year		
Income tax	54,340	59,467
Education tax	-	2,137
	<u>54,340</u>	<u>61,604</u>
Underprovision in the prior years:		
Income tax	-	148
Education tax	-	194
Payments during the year:		
Income tax	-	(7,342)
Withholding tax credit notes utilised-income tax	(15,805)	(4,230)
Education tax	-	(2,331)
Provision for the year:		
Income tax	-	6,297
Education tax	-	-
Minimum tax	2,453	
Balance at the end of the year	<u>40,988</u>	<u>54,340</u>

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 2019		Recognised in other comprehens ive income N'000	Balance as at 31 December 2019 N'000	Recognised in profit or loss N'000	Balance as at 31 December 2020 N'000
<u>Deferred tax liabilities</u>	N'000	N'000	N'000	N'000	N'000	N'000
Excess of carrying amount over tax written down value	985,121	26,892	-	1,012,013	-	1,012,013
	985,121	26,892	-	1,012,013	-	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)	-	(390)
Impairment of other receivables	(2,080)	(1,538)	-	(3,618)	-	(3,618)
Defined benefit liabilities	(70,731)	868	-	(69,863)	-	(69,863)
Unutilised capital allowance	(94,044)	(4,688)	-	(98,732)	-	(98,732)
Fiscal losses	(257,332)	(2,830)	-	(260,162)	-	(260,162)
	(424,187)	(22,521)	-	(446,708)	-	(446,708)
Deferred tax liabilities	560,934	4,371	-	565,305	-	565,305
<u>Deferred tax liabilities(OCI)</u>						
Revaluation of property, plant and equipment	403,881	-	(48,872)	355,009	-	355,009
						-
Net deferred tax liabilities	964,815	4,371	(48,872)	920,314	-	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 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
At 1 January 2020	2,051,400	2,232,400	989,283	59,893	106,676	48,148	16,617	26,870	396,260	5,927,547
Additions	-	14,316	10,834	3,381	4,261	2,837	300	-	200,262	236,191
At 31 December 2020	2,051,400	2,246,716	1,000,117	63,274	110,937	50,985	16,917	26,870	596,522	6,163,738
<u>Accumulated depreciation</u>										
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
At 1 January 2020	-	3,721	4,890	998	6,033	813	552	26,680	-	43,687
Charge for the year	-	22,336	49,534	6,130	11,188	5,123	3,339	19	-	97,669
At 31 December 2020	-	26,057	54,424	7,128	17,221	5,936	3,891	26,699	-	141,356
<u>Carrying amounts at</u>										
31 December 2020	N2,051,400	N2,220,659	N945,693	N56,146	N93,716	N45,049	N13,026	N171	N596,522	N6,022,382
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

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/2012/00000000254 on 30 October 2019 on market value basis using the Market Value Approach. The valuation produced a deficit of Nil (2019: N488,715,000) which was debited to property, plant and equipment revaluation reserve. No revaluation of property, plant and equipment was carried out during the year under review.

ii) Assets pledged as security

At 31 December 2020, the Company's land and buildings at Ikeja were pledged as securities for the overdraft facility and finance lease obtained from Fidelity Bank Plc.

iii) Capital commitment

The Company had no commitments for capital expenditure as at the statement of financial position date (2019: Nil) and no borrowing cost was capitalised in the current year (2019: Nil).

iv) There were no impairment losses recognized during the year (2019: Nil).

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

	2020	2019
	N'000	N'000
Cost of sales (Note 8)	78,001	127,009
Administrative expenses (Note 9)	19,668	23,926
	<u>97,669</u>	<u>150,935</u>

16. Intangible assets

	N'000	Total N'000
Computer software		
<u>Cost</u>		
At 1 January 2019	33,059	33,059
Additions	2,630	2,630
At 31 December 2019	<u>35,689</u>	<u>35,689</u>
At 1 January 2020	35,689	35,689
Additions	2,630	2,630
At 31 December 2020	<u>38,319</u>	<u>38,319</u>
<u>Accumulated amortisation</u>		
At 1 January 2019	10,724	10,724
Charged for the year	-	-
At 31 December 2019	<u>10,724</u>	<u>10,724</u>
At 1 January 2020	10,724	10,724
Charged for the year	-	-
At 31 December 2020	<u>10,724</u>	<u>10,724</u>
<u>Carrying amounts at</u>		
31 December 2020	<u>N27,595</u>	<u>N27,595</u>
31 December 2019	<u>N24,965</u>	<u>N24,965</u>

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 2020 as it is yet to be installed.

17. Financial assets fair value through other comprehensive income

	2020	2019
	N'000	N'000
Unquoted equity securities		
(a) Clearline International Limited		
Balance at the beginning of the year	500	500
Disposal (Note 17(c))	(500)	-
Balance at the end of the year	<u>-</u>	<u>500</u>

(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.

(c) **Gain on disposal of unquoted shares is arrived at as follows:**

	N'000	N'000
Proceeds received on disposal	5,292	-
Value of shares disposed (Note 17(a))	(500)	-
Gain on disposals	<u>4,792</u>	<u>-</u>

	2020 N'000	2019 N'000
18. Inventories		
Drugs	16,308	1,763
Consumables	2,581	1,721
Blood	48	144
CT scan materials	600	301
Renal materials	268	348
Laboratory consumables	3,520	2,735
Diesel	952	2,659
Electrical	1,524	1,315
Stationery	147	1,136
	<u>25,948</u>	<u>12,122</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 or expired inventory.

	N'000	N'000
19. Trade and other receivables		
Trade receivables	309,301	407,783
Less: Allowance for expected credit losses (Note 19(a))	<u>(56,555)</u>	<u>(43,573)</u>
Total financial assets other than cash and cash equivalents classified as loans and receivables.	252,746	364,210
Other receivables and prepayments (Note 19(b))	<u>28,403</u>	<u>44,572</u>
	<u>281,149</u>	<u>408,782</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.

	N'000	N'000
(a) Allowance for expected credit losses		
Balance at the beginning of the year	43,573	40,974
Expected credit loss during the year (Note 9)	<u>12,982</u>	<u>2,599</u>
Balance at the end of the year	<u>56,555</u>	<u>43,573</u>

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix

31 December 2020	Current	< 30 days	30-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	0.08%	0.23%	1.62%	1.17%	3.21%	44.35%	57.27%	61.54%	
Estimated total gross carrying amount at default (N'000)	83,741	60,422	15,180	35,837	14,264	31,182	20,275	48,400	309,301
Expected credit loss(N'000)	67	139	246	419	458	13,829	11,611	29,785	56,555
31 December 2019	Current < 30 days		30-60 days	61-90 days	91 - 120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	0.08%	0.23%	1.62%	1.17%	3.21%	44.35%	57.27%	61.54%	
Estimated total gross carrying amount at default (N'000)	178,591	30,537	67,492	29,214	30,579	12,857	10,886	47,627	407,783
Expected credit loss(N'000)	143	70	1,093	38	983	5,702	6,234	29,310	43,573

	2020	2019
	N'000	N'000
(b) <u>Other receivables and prepayments</u>		
Staff receivables	11,532	9,777
Withholding tax receipts	16,012	7,178
Other receivables	6,525	21,423
Receivable from Dr. O.A. Odukoya	6,958	6,958
Unreconciled opening balance	33,973	-
	<u>75,000</u>	<u>45,336</u>
	-	-
Credit loss allowance on other receivables (Note 19(c))	(44,617)	(11,306)
Credit loss allowance of staff receivables (Note 19(d))	(3,371)	(1,218)
	<u>27,012</u>	<u>32,812</u>
Prepayments (Note 19(e))	1,391	11,760
	<u>28,403</u>	<u>44,572</u>
(c) <u>Impairment of other receivables</u>	N'000	N'000
Balance at the beginning of the year	11,306	-
Provision for the year (Note 9)	33,311	11,306
Balance at the end of the year	<u>44,617</u>	<u>11,306</u>
(d) <u>Credit loss allowance of staff receivables</u>	N'000	N'000
Balance at the beginning of the year	1,218	-
Provision for the year (Note 9)	2,153	1,218
Balance at the end of the year	<u>3,371</u>	<u>1,218</u>
(e) <u>Prepayments</u>	N'000	N'000
Insurance	1,173	2,261
Rent	174	4,594
Others	44	4,905
	<u>1,391</u>	<u>11,760</u>
20. <u>Cash and cash equivalents</u>		
Cash and cash equivalents comprise:	N'000	N'000
Cash at bank	15,989	7,370
Cash in hand	2,331	1,010
	<u>18,320</u>	<u>8,380</u>
In the statement of cash flows, cash and cash equivalents comprise the following:		
	N'000	N'000
Cash and bank balances	18,320	8,380
Bank overdraft (Note 21)	(41,607)	(48,119)
	<u>(23,287)</u>	<u>(39,739)</u>
21. <u>Borrowings</u>	N'000	N'000
Term Loan from DBN (Note 21(a))	413,296	423,817
Term loan from Fidelity Bank Plc (Note 21(b))	43,333	-
Third party loan (Note 21(c))	40,000	-
Overdraft (Note 21(d))	41,607	48,119
	<u>538,236</u>	<u>471,936</u>
Current	209,986	143,686
Non-current	328,250	328,250
	<u>538,236</u>	<u>471,936</u>

	2020	2019
	N'000	N'000
(a) Term loan from Development Bank of Nigeria (DBN)		
Balance at the beginning of the year	423,817	27,540
Additions during the year (Note 21 a(i))	-	404,000
Interest accrued on the loan (Note 11)	-	7,233
Repayment of the loan	(10,521)	(14,956)
Balance at the end of the year	<u>413,296</u>	<u>423,817</u>

(i) In 2019, the Company obtained additional loan 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. However due to the impact of COVID-19 pandemic, the moratorium period was extended to 30 September 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.

	N'000	N'000
(b) Fidelity Bank Plc term loan		
Balance at the beginning of the year	-	-
Additions during the year (Note (21 b(i))	80,000	-
Repayment of term loan	(36,667)	-
Balance at the end of the year	<u>43,333</u>	<u>-</u>

(i) In 2020, the Company obtained a term loan of N80 million from Fidelity Bank Plc to renovate and upgrade the existing cancer center and carry out the necessary training of staff in readiness for the installation of the new cancer equipment funded through Development Bank of Nigeria at the interest rate of 21%per annum for a tenor of two(2) years and repayment is monthly. Repayment is from the proceeds of the Company's monthly turnover. The facility is secured with legal mortgage on property at 31 Mobolaji bank Anthony way Ikeja, personal guarantee of one of the founding Directors of Ekocorp supported with a notarised statement of net worth.

(c) In 2020, the Company obtained a loan of N40 million from a third party to execute COVID-19 project at a rate of 15%. This was agreed at the Board implementation committee meeting held on 6 July 2020. However, the terms, conditions and the repayment plan of the loan is unknown.

(d) In 2019, the Company obtained overdraft facility of N40 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 365days and repayment is monthly. N41,607,000 was utilised in the facility as at 31 December 2020. Repayment is from the proceeds of the Company's 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.

	2020	2019
	N'000	N'000
22. Trade and other payables		
Trade payables	185,702	193,952
Other payables (Note 22(a))	634,354	442,126
Due to related parties (Note 22(b))	913,870	834,555
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>1,733,926</u>	<u>1,470,633</u>
Other payables-tax (Note 22(d))	101,571	77,453
	<u>1,835,497</u>	<u>1,548,086</u>

	2020	2019
	N'000	N'000
(a) Other payables		
Accruals (Note 22(c))	30,823	15,664
Staff payables	275,087	233,476
Industrial Training Fund	53,109	47,466
National Housing Fund	275	275
Staff terminal benefits	40,168	17,326
NSITF-Workmen's compensation	33,153	25,597
Unclaimed dividend returned	4,276	4,197
Financial Reporting Council of Nigeria	7,783	7,255
Receipt from customers	68,161	90,870
Interest payable	116,575	-
Other payables	4,944	-
	<u>634,354</u>	<u>442,126</u>
(b) Due to related parties	N'000	N'000
Directors' unpaid emoluments /retirement benefits (Note 22 b(i))	831,022	781,707
Directors' contributions (Note 22 b(ii))	30,000	-
Share of EKOMED contract fees (Note 22 b(iii))	52,848	52,848
	<u>913,870</u>	<u>834,555</u>
(i) Directors' unpaid emoluments /retirement benefits	N'000	N'000
Dr. Sony Folorunso Kuku, OFR, FAS	** 454,664	425,007
Dr. Amaechi A. Obiora FRCS	** 469,447	439,789
Estate of Dr. A. C. Eneli	20,612	30,612
Chief G.A. Cole	4,356	4,356
Amount transferred to deposit for shares (Note 23)	(118,057)	(118,057)
	<u>831,022</u>	<u>781,707</u>
** The directors' retirement benefits are in dispute and under litigation		
(ii) Directors' contributions	N'000	N'000
Dr. Sony Folorunso Kuku, OFR, FAS	5,000	-
Dr. Amaechi A. Obiora FRCS	5,000	-
Dr. George Okpagu	5,000	-
Dr. G.C. Ohen, Jr. FAGP	5,000	-
Mr. Olusegun Olusanya	5,000	-
Prof. Joseph O. Irukwu, OON, SAN	5,000	-
	<u>30,000</u>	<u>-</u>
The directors' contributions were made by the directors to the Company for the purpose of meeting cash flow needs in the year of review. This amounts are to be paid back to the directors within a year at no interest.		
(iii) Share of EKOMED contract fees	N'000	N'000
Estate of Dr. A. C. Eneli	17,616	17,616
Dr. Sony Folorunso Kuku, OFR, FAS	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.

	2020	2019
	N'000	N'000
(c) Accruals		
Audit fees	5,375	5,250
Statutory filing fees	4,460	4,619
Electricity	3,877	4,093
Drugs	483	350
Tax consultancy	15,000	-
Others	1,628	1,352
	<u>30,823</u>	<u>15,664</u>
(d) Other payables-tax	N'000	N'000
Value Added Tax	552	217
Withholding Tax	15,022	13,633
PAYE	85,997	63,603
	<u>101,571</u>	<u>77,453</u>
23. Deposit for shares	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.

24. Employee benefits obligations	N'000	N'000
Defined contribution plan (Note 24(a))	211,118	166,662
Defined benefit obligation (Note 24(b))	218,125	218,323
	<u>429,243</u>	<u>384,985</u>
(a) Defined contribution plan	N'000	N'000
Balance at the beginning of the year	166,662	113,841
Deductions	44,898	53,412
Remittances	(442)	(591)
Balance at the end of the year	<u>211,118</u>	<u>166,662</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) Defined benefit obligations	N'000	N'000
Balance at the beginning of the year	218,323	219,955
Payment for the year	(198)	(1,632)
Balance at the end of the year	<u>218,125</u>	<u>218,323</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>	2020	2019
	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>3,613,554</u>	<u>3,634,932</u>
	Addition during the year (Note 15):		
	Cost	-	(488,715)
	Accumulated depreciation	-	418,465
	Deficit for the year	-	(70,250)
	Total accumulated revaluation reserve	<u>3,613,554</u>	<u>3,564,682</u>
	Capital gains tax on revaluation (Note 14)	-	48,872
	Balance at the end of the year	<u>3,613,554</u>	<u>3,613,554</u>
29	<u>Retained earnings</u>	N'000	N'000
	Balance at the beginning of the year	(1,510,168)	(1,217,765)
	Transfer from statement of comprehensive income	<u>(347,832)</u>	<u>(292,403)</u>
	Balance at the end of the year	<u>(1,858,000)</u>	<u>(1,510,168)</u>
30	<u>Loss per ordinary share</u>		
	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.		
		2020	2019
		'000	'000
	Loss for the year attributable to ordinary shareholders	<u>N(347,832)</u>	<u>N(292,403)</u>
	Weighted average number of ordinary shares in issue (thousands)	<u>498,600</u>	<u>498,600</u>
	Loss per share	<u>(69.76)k</u>	<u>(58.64)k</u>
31	<u>Related party transactions</u>		
	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	39,880	18,917
Defined benefits scheme cost	-	-
Contribution to compulsory Pension Fund Scheme	-	918
	39,880	19,835

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 2020

Shareholders	Number of shares	Percentage
a) Geoff Ohen Limited***	148,640,972	29.81
b) MWML Nominees Limited	120,000,000	24.07
c) Estate of Eneli (Chief Alex C)	56,370,485	11.31
d) Mr A. A. Obiora FRCS	56,370,485	11.31
e) Dr. S. F Kuku OFR	56,370,485	11.31

*** There are cases in court and with regulatory authorities on some 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 2020 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 2020.

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.

38 Segment reporting

31 December 2020	OTHER STRATEGIC			TOTAL
	BUSINESS UNITS	STAND ALONE	CAPITATION	
	N'000	N'000	N'000	N'000
REVENUE	447,081	386,060	147,878	981,019
Drugs, consumables and services	(61,475)	(86,730)	(19,080)	(167,285)
Salaries and wages	(187,401)	(264,393)	(58,166)	(509,960)
TOTAL DIRECT COSTS	(248,876)	(351,123)	(77,247)	(677,245)
Electricity	(8,037)	(11,337)	(2,495)	(21,869)
Diesel	(10,395)	(14,665)	(3,226)	(28,286)
Cleaning costs	(3,690)	(5,205)	(1,145)	(10,040)
Utilities	(632)	(891)	(196)	(1,719)
Water	(364)	(514)	(112)	(990)
Repair & Maintenance	(2,518)	(3,552)	(782)	(6,852)
Discount and commission	-	(7,138)	-	(7,138)
TOTAL VARIABLE OVERHEADS	(25,635)	(43,302)	(7,957)	(76,894)
Depreciation - Buildings	(8,207)	(11,581)	(2,548)	(22,336)
Depreciation - Hospital Equipment	(18,203)	(25,682)	(5,650)	(49,535)
Depreciation - Plant & Machinery	(2,252)	(3,178)	(699)	(6,130)
TOTAL OTHER DIRECT OVERHEADS	(28,662)	(40,441)	(8,898)	(78,001)
SEGMENT PROFIT	143,909	(48,806)	53,776	148,879
				N'000
Other operating income				266
Administrative expenses				(467,461)
Finance expenses				(27,063)
TOTAL INDIRECT OVERHEADS				(494,258)
NET LOSS BEFORE TAX				(345,379)
TAXATION				(2,453)
LOSS FOR THE YEAR				(347,832)
31 December 2019	N'000	N'000	N'000	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)	-1403
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)

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

	2020 N'000	%	2019 N'000	%
Revenue	981,019		1,251,252	
Other income	266		8,061	
	<u>981,285</u>		<u>1,259,313</u>	
Less: Bought-in-materials and services:				
Local	(462,824)		(536,332)	
Foreign	-		-	
Value added	<u>518,461</u>	<u>100</u>	<u>722,981</u>	<u>100</u>
% Value added as a percentage of revenue	<u>53%</u>		<u>58%</u>	
Distributed as follows:				
To pay employees' salaries, wages and fringe benefits				
Wages, salaries and benefits	734,077	142	835,378	116
To pay providers of fund - interest expenses	32,094	6	18,061	2
To provide for maintenance of property, plant and equipment				
Depreciation of property, plant and equipment	97,669	19	150,935	21
To pay taxes to Government				
Taxation	2,453	0	11,010	1
Results for the year:				
Loss for the year	<u>(347,832)</u>	<u>(67)</u>	<u>(292,403)</u>	<u>(40)</u>
	<u>518,461</u>	<u>100</u>	<u>722,981</u>	<u>100</u>

	← 31 December →				
Statement of profit or loss	2020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
Revenue	981,019	1,251,252	1,472,720	1,485,458	1,352,347
(Loss)/profit before taxation	(345,379)	(281,393)	(225,735)	(970,735)	96,545
Taxation	(2,453)	(11,010)	(102,733)	(241,301)	(16,945)
(Loss)/profit after taxation	(347,832)	(292,403)	(328,468)	(1,212,036)	79,600
Statement of financial position					
	N'000	N'000	N'000	N'000	N'000
Non-current assets	6,049,977	5,909,325	5,674,946	5,882,993	2,620,777
Net current liabilities	(1,879,111)	(1,434,885)	(1,221,663)	(1,142,774)	(285,596)
Non-current liabilities	(1,677,807)	(1,633,549)	(1,298,611)	(1,257,079)	(525,785)
Net assets	2,493,059	2,840,891	3,154,672	3,483,140	1,809,396
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	3,613,554	3,634,932	3,634,932	749,152
Retained earnings	(1,858,000)	(1,510,168)	(1,217,765)	(889,297)	322,739
Total equity	2,493,059	2,840,891	3,154,672	3,483,140	1,809,396