FIDSON

Fidson Healthcare Plc

...We value life

FIDSON HEALTHCARE PLC

Lagos, Nigeria

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

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Statement of Profit or Loss and Other Comprehensive Income

		2021		2020	
		Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	Notes	₦'000	₦'000	₦'000	₦'000
Revenue	5	8,990,841	30,743,450	4,628,398	18,275,856
Cost of sales	6	(4,930,469)	(15,757,782)	(2,800,998)	(9,694,516)
Gross profit		4,060,372	14,985,669	1,827,400	8,581,340
Other operating income	7	161,124	573,187	139,677	349,745
Administrative expenses	8	(1,949,934)	(6,423,490)	(1,010,193)	(3,734,059)
Selling and distribution expenses	9	(845,581)	(3,421,283)	(239,533)	(2,099,537)
Operating profit		1,425,982	5,714,083	717,350	3,097,489
Finance costs	10	(336,269)	(1,263,620)	(382,546)	(1,333,927)
Finance income	11	19,764	77,718	2,135	9,240
Profit before tax	12	1,109,476	4,528,181	336,939	1,772,802
Income tax provision	13a	(355,032)	(1,449,018)	(108,287)	(567,763)
Profit for the Period		754,444	3,079,163	228,652	1,205,039
Other comprehensive income: (OCI)					
Items to be reclassified to profit or loss in subsequent years:					
Fair value profit on available for sale financial instruments	34		70	-	1,240.00
Net other comprehensive income to be reclassified to profit or loss		-	70	-	1,240.00
Items not to be reclassified to profit or loss in subsequent years:			20,011		36838
Re- measurement gain on defined benefit plans	26	-	(6,004)	-	(11,051)
Income tax effect	13c	-	14,007	-	25,787
Net other comprehensive income not to be reclassified to profit or loss		-	14,077	-	27,027
Other comprehensive income, net of tax		-	14,077	-	27,027
Total comprehensive income, net of tax		754,444	3,093,240	228,652	1,232,066
Earnings per share – basic (in kobo)					
Basic and diluted	43	36	148	11	58

Statement of financial position
As at 31 December 2021

ASSETS	Notes	Dec-21 ₦'000	Dec-20 ₦'000
Non-current assets			
Property, plant and equipment	14	14,886,319	13,387,810
Right of use assets	15	486,271	595,194
Investment property	16	31,823	32,742
Intangible assets	17	21,722	23,530
Available- for-sale investments	18a	5,030	4,960
Loans and receivables	18b	277,292	12,871
Other non-current financial asset	19	173,162	171,673
		15,881,619	**14,228,780**
Current assets			
Inventories	20	11,725,292	6,780,766
Trade and other receivables	21	3,079,631	2,731,272
Prepayments	22	819,068	296,312
Other current financial asset	19a	731,638	0
Cash and cash equivalents	23	1,224,516	3,205,354
		17,580,145	**13,013,704**
Total assets		**33,461,764**	**27,242,484**
Equity and liabilities			
Equity			
Issued share capital	32	1,043,180	1,043,180
Share premium	33	4,933,932	4,933,932
Retained earnings		7,133,388	4,561,808
Available for sale reserve	34	585	515
		13,111,085	10,539,435
Non-current liabilities			
Interest bearing loans and borrowings	24	6,462,091	4,050,683
Obligation under Finance Lease	25	63,590	164,459
Retirement benefit obligation	26	268,185	447,792
Government grant	27	957,518	938,248
Deferred revenue	28	1,584	4,751
Deferred tax liability	13c	1,548,311	1,548,311
		9,301,279	7,154,244
Current liabilities			
Trade and other payables	29	4,830,562	2,177,568
Interest bearing loans and borrowings	24	1,834,054	6,636,269
Bank Overdraft	23	259,662	232,229
Other financial liabilities	30	2,150,000	0
Obligations under Finance Lease	25	87,350	95,982
Government grant	27	356,650	244,229
Deferred revenue	28	3,167	3,168
Income tax payable	13b	1,453,403	120,424
Unclaimed dividend	31b	74,551	38,937
		11,049,400	9,548,806
Total liabilities		20,350,679	16,703,049
Total equityand liabilities		33,461,764	27,242,485

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

28 January 2022

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

Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Available-for–sale reserve	Total
	₦000	₦000	₦000	₦000	₦000
At 1 January 2020	1,043,180	4,933,932	3,643,921	(725)	9,620,308
Profit for the year	-	-	1,205,039	-	1,205,039
Other comprehensive income for the year, net	-	-	25,787	1,240	27,027
Total Comprehensive Income for the year	-	-	1,230,826	1,240	1,232,066
Dividends (Note 32)	-	-	(312,939)	-	(312,939)
At 31 December 2020	1,043,180	4,933,932	4,561,808	515	10,539,435
At 1 January 2021	1,043,180	4,933,932	4,561,808	515	10,539,435
Profit for the year	-	-	3,079,163	-	3,079,163
Other comprehensive income for the year, net	-	-	14,007	70	14,077
Total Comprehensive Income for the year	-	-	3,093,170	70	3,093,240
Dividends (Note 32)	-	-	(521,590)	-	(521,590)
At 31 December 2021	1,043,180	4,933,932	7,133,388	585	13,111,085

Statement of Cash Flows

		Dec-21	Dec-20
Operating activities:	**Notes**	**₦'000**	**₦'000**
Profit before tax		4,528,181	1,772,802
Adjustments to reconcile profit before tax tonet cash flows			
Depreciation of property, plant and equipment	14	660,783	668,435
Depreciation - Right of use assets	15	105,850	106,911
Impairment loss	8	145,286	276,028
Gain on disposal of plant, property andequipment	7	(83,264)	(8,785)
Net exchange difference	8	2,277,599	309,345
Depreciation of investment property	16	919	919
Grant income	7	(334,526)	(200,088)
Amortisation of Intangible assets	17	40,358	37,769
Interest income on loans and receivables	11	(36,898)	(3,384)
Interest income on fixed deposit	11	(25,090)	(1,823)
Finance costs	10	1,263,620	1,333,927
Employee benefit expense	26	20,011	36,838
Amortisation of deferred revenue	28	(3,167)	(3,167)
Changes in working capital:			
(Increase)/ decrease in trade and other receivables	21	(348,358)	532,435
Decrease / (increase) in prepayments	22	(522,756)	(128,842)
(Increase)/ Decrease in inventories	20	(4,858,745)	(3,405,327)
Increase in government grant	27	131,690	814,602
increase in other financial liabilities	30	2,150,000	(65,000)
(Decrease)/increase in trade and other payables	29	2,652,994	914,276
		7,764,487	2,987,871
Income tax paid	13b	(116,039)	(95,465)
Benefits paid	26b	(3,958)	(6,390)
Net cash flow from operating activities		7,644,490	2,886,016
Cash flows from investing activities:			
Purchase of property, plant & equipment	14	(2,646,190)	(2,070,862)
Addition of right of use assets	15a	-	-
Additions to intangible assets	17	(38,550)	(33,563)
Interest received	11	25,090	1,823
Proceeds from sale of property, plant and equipment		565,141	21,358
Investment in other financial assets	18c	(731,638)	-
Liquidation of investment in other financial asset	19	-	272,030
Net cash utilised by investing activities		(3,089,647)	(1,809,214)
Cash flows from financing activities:			
Payments of finance lease liabilities	25	(109,500)	(269,068)
Interest paid on loans & borrowings	10	(1,263,620)	(1,333,927)
Dividend paid	31	(521,590)	(312,939)
Proceed from loans & borrowings	24a	3,500,000	6,768,450
Loan repayment	24a	(5,890,806)	(2,404,163)
Net cash utilized by financing activities		(4,285,516)	2,448,353
Net increase/(decrease) in cash and cash equivalents		269,326	3,525,155
Net foreign exchange difference		(2,277,599)	(309,345)
Cash and cash equivalents at the beginning of the year		2,973,125	(242,685)
Cash and cash equivalents at the end of the Period	23	964,853	2,973,125

Notes to the financial statements.

1.0 Corporate information.

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

1.1 Composition of the financial statements

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

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

1.2 Financial period

These Financial Statements cover the financial period 31 December 2021 with comparative amounts for the year ended 31 December 2020.

2.0 Significant accounting policies

2.1 Basis of preparation and measurement

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

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

2.2 Summary of significant accounting policies

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

Notes to the financial statements.

2.2.1 Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Company classifies all other liabilities as non-current.

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

2.2.2 Fair value measurement

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

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

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

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

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

Notes to the financial statements.

2.2.2 Fair value measurement (cont'd)

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

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

2.2.3 Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
Revenue is recognised by applying a five-step approach:

- Identify the contract
- Identify the separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognise revenue when (or as) each performance obligation is

The Company recognises revenue from the following major sources:

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

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

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

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

2.2.4 Government grants

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

Notes to the financial statements.

2.2.4 Government grants (cont'd)

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

2.2.5 Taxes

Current income tax

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

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the financial statements.

2.2.5 Taxes (cont'd)

Deferred tax (cont'd)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that.
- the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

Value Added Tax (VAT)

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

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

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

2.2.6 Foreign currency transaction

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

Notes to the financial statements.

2.2.7 Property plant and equipment

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

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

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

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

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

The assets 'residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.
Impairment reviews are performed when there are indicators that the carrying amounts may not be recoverable.

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

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

Notes to the financial statements.

2.2.8 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

Notes to the financial statements.

2.2.8 Leases (cont'd)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as a lessee

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

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

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

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

Notes to the financial statements.

2.2.8 Leases (cont'd)

Leases – as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.2.9 Borrowing costs.

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

2.2.10 Investment properties

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. Owner-occupied property becomes an investment property, the Company accounts for such property in accordance withthe policy stated under property, plant and equipment up to the date of change in use.

Notes to the financial statements

2.2.11 Intangible assets

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

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

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

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

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

Research and development costs

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

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

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

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

Licences

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

Notes to the financial statements.

2.2.11 Intangible assets (cont'd)

Trademark

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

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

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

2.2.12 Financial instruments

(i) Financial assets

A financial asset is any asset that is:

- cash.
- an equity instrument of another entity.
- a contractual right to receive cash or another financial asset (e.g., receivables); or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to GSK (e.g., derivatives resulting in an asset, bonds, and investments)

(ii) Financial liability

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset (e.g., payable); or
- a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company (e.g., payables, loans and derivatives resulting in a liability).

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(iii) Amortised cost

Most of Fidson's financial assets and liabilities are measured at amortised cost, including, most trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment.

If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method.

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

(iv) Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit impaired.

(v) Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

(vi) Expected credit loss allowance

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are reported in the Income Statement.

All ECL (impairment) allowances must be reviewed at least quarterly.

In applying the IFRS 9 impairment requirements, an entity needs to apply one of the following approaches:

- The simplified approach, which will be applied to trade receivables.
- The general approach, which will be applied to other receivables, including royalty receivables, and to loan assets and investments in debt securities.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(vi) Expected credit loss allowance (cont'd)

a) The simplified impairment approach

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. Fidson uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix should incorporate forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as Distributors, Sales representatives, and Institutions.

b) The general impairment approach.

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).

For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required. "

Indicators of a significant increase in credit risk include:

- An actual or expected significant change in the financial asset's external or internal credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations, such as an increase in interest rates or a significant increase in unemployment rates;
- An actual or expected significant change in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology;
- Expected changes in the loan documentation (i.e. changes in contract terms) including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
- Past due information on debtors.

For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(vii) Impairment on available-for-sale financial investments

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

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

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

(viii) Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(ix) Derecognition of financial liabilities

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

(x) Offsetting of financial instruments

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

2.2.13 Inventories

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

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

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

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

2.2.14 Impairment of non-financial assets

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

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

Notes to the financial statements.

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

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

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

2.2.15 Cash and cash equivalents

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

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

2.2.16 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss net of any reimbursement.

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

2.2.17 Pension and other post-employment benefits

Retirement benefit Schemes

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

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

Notes to the financial statements.

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

Pension

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

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

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

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

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

Short term benefits

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

Termination benefits

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

2.2.18 Dividends

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

Notes to the financial statements.

2.2.19 Segment reporting

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

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

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

2.2.20 Dealing in Securities by insiders

The company's directors are constantly reminded, and they are aware of the restrictions imposed on them with regards to trading in the shares of the Company during closed periods. The policy in place is obeyed by the Directors and other senior employees who by virtue of their position constantly meet price sensitive information.
Enquiries have been made and it is hereby stated that in respect of this financial statements submitted in the course of the year under review none of the Directors violated the rules relating to securities trading.

3 .0 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued *Interest Rate Benchmark Reform* (*Amendments to IFRS 9, IAS 39 and IFRS 7*).

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments is not relevant to the Company given that it does not apply hedge accounting to its benchmark interest rate exposures.

Notes to the financial statements.

5 **Revenue**

	Dec-21	Dec-20
	₦'000	₦'000
Sales of goods		
Ethical	20,535,447	10,672,684
Over-The-Counter (OTC)	10,208,003	7,603,172
	30,743,450	18,275,856

Revenue represents total value of goods invoiced to third parties locally.

6 Cost of sales

	Dec-21	Dec-20
	₦'000	₦'000
Ethical	7,952,280	4,827,129
Over The Counter (OTC)	5,526,161	3,354,446
Depreciation of factory PPE (Note 14)	569,922	499,496
Energy	549,226	317,563
Personnel Cost	625,483	418,157
Other Factory Overheads	534,710	277,725
	15,757,782	9,694,516

7 Other operating income

	Dec-21	Dec-20
	₦'000	₦'000
Amortisation of government grant	334,526	200,088
Other operating income	5,457	10,926
Exchange Gain	-	-
Gain on disposal of property, plant and equipment	83,264	8,785
Rental income	3,167	3,167
Sale of scrap	29,407	47,741
Toll Manufacturing Income	117,366	79,038
	573,187	349,745

		Dec-21	Dec-20
		₦'000	**₦'000**
8	**Administrative expenses**		
	Association and Membership	12,940	9,613
	Audit fee	14,000	14,000
	Conferences and Workshop	3,209	1,770
	Consultancy fees	120,161	128,268
	Corporate social responsibility	113,930	58,371
	Depreciation and amortisation (Note 8a)	237,988	314,538
	Diesel and fuel	60,116	47,812
	Exchange loss	2,277,599	309,345
	Insurance	110,510	99,380
	Legal	10,558	12,858
	Office supplies	25,929	17,645
	Personnel costs (Note 8b)	2,036,707	1,531,459
	Printing & stationery	115,741	24,612
	Repairs and maintenance	303,325	352,255
	Outsourced Cleaning and Security Expenses	45,512	36,475
	Telephone & postage	53,351	38,863
	Training	40,652	17,733
	Travelling & Entertainment	198,380	183,682
	Permit and Dues	87,765	29,045
	Auxilliary materials & Tools	115,532	96,295
	Canteen expenses	87,983	50,216
	AGM Expenses	4,656	3,659
	Directors Expenses	47,290	27,368
	Bank administrative fee	154,366	52,646
	News papers and periodicals	6	124
	Impairment (Trade and other receivables)	145,286	276,028
		6,423,490	3,734,059

		Dec-21	Dec-20
8a	Depreciation and amortisation	**₦'000**	**₦'000**
	Depreciation of property, plant and equipment (Note 14)	660,783	668,435
	Depreciation of Rights of use assets (Note 15)	105,850	106,911
	Depreciation of property, plant and equipment included in cost of sales (Note 6)	(569,922)	(499,496)
		196,710	275,850
	Depreciation of investment property (Note 16)	919	919
	Amortisation of intangible assets (Note 17)	40,358	37,769
		237,988	314,538

8b	**Personnel costs**		
	ITF Contribution	19,695	36,838
	Gratuity	-	-
	Pension cost	41,596	47,322
	Salary and wages	1,975,416	1,447,299
		2,036,707	1,531,459
9	**Selling and distribution expenses**		
	Promotion and advertisement	663,261	340,986
	Logistics expense	838,421	640,491
	Sales expenses	1,919,601	1,118,060
		3,421,283	2,099,537

		Dec-21	Dec-20
		₦'000	**₦'000**
10	Finance cost		
	Interest on bank loans	1,227,516	1,248,601
	Interest on finance lease	36,104	85,326
		1,263,620	1,333,927
11	Finance income		
	Interest earned on loans and receivables	36,898	3,383
	Interest earned on other non-current financial asset	15,730	4,034
	Interest on fixed deposit	25,090	1,823
		77,718	9,240
12	Profit before tax		
	This is stated after charging:		
	Amortisation of intangibles	40,358	37,769
	Audit fee	14,000	14,000
	Depreciation of property, plant and equipment	660,783	668,435
	Depreciation of right of use assets	105,850	106,911
	Depreciation of investment property	919	919
	Personnel costs	2,036,707	1,531,459
	Exchange loss/(gain)	2,277,599	309,345

13 Taxation

13a Income tax expense

The major components of income tax expense for the period ended 31 December 2021:

	Dec-21	Dec-20
Current income tax:	**₦'000**	**₦'000**
Current year income tax charge	1,358,454	519,790
Current education tax charge	90,564	34,653
Total current tax	1,449,018	554,443

		Dec-21	Dec-20
13b	Income tax payable		
	Current tax payable	**₦'000**	**₦'000**
	At 1 January	120,424	99,851
	Charge for the year	1,449,018	116,038
	Payments during the year	(116,039)	(95,465)
	At 31 December	1,453,403	120,424
13c	Deferred tax liability		
	At 1 January	1,548,311	1,085,534
	Amounts recorded in profit or loss	-	451,726
	Amounts recorded in other	-	-
	comprehensive income	-	11,051
	At 31 December	1,548,311	1,548,311

Notes to the financial statements.

14 Property, plant and equipment

COST:	LAND	BUILDING	MOTOR VEHICLES	OFFICE EQUIPMENT	PLANT & MACHINERY	FURNITURE & FITTINGS	CONSTRUCTION WIP	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	706,953	8,566,089	851,279	907,423	3,477,321	226,618	587,581	15,323,264
Additions	86,300	230,878	296,914	96,682	143,724	3,506	1,212,860	2,070,863
Disposals	-	-	(219,355)	-	(798)	-	-	(220,154)
Transfer Out (ROUA)	-	337,082	-	-	12,879	-	(349,961)	-
At 31 December 2020	793,253	9,134,049	928,838	1,004,105	3,633,126	230,124	1,450,480	17,173,973
Additions			231,812	104,779	128,073	10,087	2,171,439	2,646,190
Disposals	(89,723)	(202,627)	(228,507)	(198,624)	(516,669)	(29,146)		(1,265,295)
Reclassification	79,556	(41,152)	170,478	30,820	324,139	7,171	(571,012)	-
At 31 December 2021	**783,086**	**8,890,271**	**1,102,620**	**941,080**	**3,568,669**	**218,235**	**3,050,907**	**18,554,868**
DEPRECIATION :								
At 1 January 2020	-	799,873	684,996	649,772	1,061,133	130,606	-	3,326,380
Charge for the year	-	167,801	65,805	168,332	251,811	14,686	-	668,434
Transfer out	-	-	-	-	-	-	-	-
Disposal	-	-	(208,383)	-	(269)	-	-	(208,652)
								-
At 31 December 2020	-	967,674	542,418	818,105	1,312,675	145,292	-	3,786,163
Charge for the year		170,936	136,738	69,235	269,244	14,629	-	660,783
Reclassification							-	-
Disposal		(45,706)	(215,579)	(186,095)	(303,537)	(27,480)	-	(778,397)
At 31 December 2021	**-**	**1,092,904**	**463,577**	**701,244**	**1,278,382**	**132,441**	**-**	**3,668,549**
CARRYING VALUE:								
At 31 December 2021	**783,086**	**7,797,367**	**639,043**	**239,835**	**2,290,287**	**85,794**	**3,050,907**	**14,886,319**
AT 31 DECEMBER 2020	**793,253**	**8,166,375**	**386,419**	**186,000**	**2,320,451**	**84,832**	**1,450,480**	**13,387,810**

Notes to the financial statements.

NOTESTO THE FINANCIAL STATEMENTS

Property, plant and equipment- continued

14.1 This represents reclassification fromcapital work in progress to plant and machinery

14.2 This represents reclassification from property plant and equipment to right of use aseets in line with IFRS 16.

14.3 Finance Lease – the carrying value of property, plant and equipment held under finance lease at 31 December 2021 was motor vehicles N101million, plant & machinery N386million (31 December 2020 motor vehicle N173million, plant & machinery N422million).

14.4 The company's assets have been pledged as security for bank borrowings to the tune of the outstanding balance of total borrowings outside the Company at the reporting date (See Note 24). The company is not allowed to pledge or sell these assets as security for other borrowings or sell them to another entity.

15 Right of Use Assets

COST:	**MOTOR VEHICLES**	**PLANT & MACHINERY**	**TOTAL**
	N'000	**N'000**	**N'000**
At 1 January 2020	370,529	476,928	847,457
Additions			-
Disposals	(4,289)	-	(4,289)
Reclassification - Note 15			-
At 31 December 2020	366,240	476,928	843,168
Additions			-
Disposals	(6,437)	-	(6,437)
Reclassification			-
As at 31 December 2021	**359,804**	**476,928**	**836,732**
ACCUMULATED DEPRECIATION :			
At 1 January 2020	125,956	18,319	144,275
Charge for the year	70,443	36,468	106,911
Disposal	(3,212)	-	(3,212)
At 31 December 2020	193,187	54,787	247,974
Charge for the year	69,382	36,468	105,850
Disposal	(3,363)	-	(3,363)
As at 31 December 2021	259,206	91,255	350,461
CARRYING AMOUNT :			
AT 31 DECEMBER 2020	**173,053**	**422,141**	**595,194**
As at 31 December 2021	**100,598**	**385,673**	**486,271**

Notes to the financial statements.

15.0 Right of use assets- continued

The company leases motor vehicles and Plant & Machinery. The average lease term is 5 years.

15.1 Amounts recognised in profit or loss	**Dec-21**	**Dec-20**
	₦'000	**₦'000**
Depreciation expense on right of use assets	105,850	106,911
Interest expenses on lease liabilities	36,104	85,326

There are no indications of impairment of right of use assets.

16.0 Investment Property	**Dec-21**	**Dec-20**
	₦'000	**₦'000**
Cost		
At 1 January	48,376	48,376
As at 31 December 2021	48,376	48,376
Accumulated depreciation		
At I January	15,634	14,715
Charge for the year	919	919
As at 31 December 2021	16,553	15,634
Carrying amount	31,823	32,742

The only investment property held by Fidson Healthcare Plc is the premises used by Ecomed. The rental commenced in March 2010.

	Dec-21	**Dec-20**
	₦'000	**₦'000**
Rental income derived from investment property	3,167	3,167

The company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Notes to the financial statements.

17.0 Intangible assets

Product licences	Dec-21	Dec-20
	₦'000	₦'000
Cost:		
At 1 January	276,729	243,166
Additions	38,550	33,563
At 31 December	315,279	276,729
Amortisation		
At 1 January	253,199	215,430
Charge for the year	40,358	37,769
At 31 December	293,557	253,199
Carrying amount	21,722	23,530

The product licenses are intangible assets with finite life and are amortized in line with the provisions of IAS 38. The intangible assets are tested for impairment when there are indicators of impairment in line with the provisions of IAS 36, by comparing the recoverable amount with the carrying amount at the end of the reporting period. There were no indicators of impairment during the year.

18 Financial assets

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

	Dec-21	Dec-20
	₦'000	₦'000
Available-for-sale financial assets (18a)	5,030	4,960
Loans and receivables (18b)	277,292	12,871
Total financial instruments	282,322	17,831

18a Available-for-sale financial assets

Quoted equity at fair value		
Zenith Bank Plc	5,030	4,960
Total	5,030	4,960

Notes to the financial statements.

		Dec-21 ₦'000	Dec-20 ₦'000
18b	Loans and receivables		
	Investment with Cardinal Stone Partners		
	At 1 January	11,190	10,172
	Additions	263,500	-
	Drawdown	-	-
	Interest accrued	879	1,018
	Sinking Fund	1,723	1,681
	At 31 December	277,292	12,871

The amount represent investment towards gratuity payment

		Dec-21 ₦'000	Dec-20 ₦'000
19	Other non –current financial asset		
	ALM Trustees		
	At 1 January	171,673	441,337
	Additions	-	-
	Proceeds	-	(272,030)
	Accrued interest	1,489	2,366
	At 31 December	173,162	171,673

		Dec-21 ₦'000	Dec-20 ₦'000
19a	Other Current Financial asset		
	Amount invested	2,500,000	-
	Proceeds	(1,803,539)	-
	Interest accrued	35,178	-
	At 31 December	731,638	-

		Dec-21 ₦'000	Dec-20 ₦'000
20	Inventories		
	Finished goods	2,984,379	2,385,032
	Goods-in-transit	5,666,705	2,591,830
	Raw and Packaging materials	2,830,290	1,713,486
	Work- in- progress	71,300	44,845
	Engineering spare parts	119,548	102,580
	Promotional and Other Consumable Materials	128,862	68,361
	Total inventory impaired	(75,792)	(125,368)
		11,725,292	6,780,766

The company did not pledge any inventory as collateral for loans.

Notes to the financial statements.

		Dec-21	Dec-20
		₦'000	₦'000
21	Trade and other receivables		
	Trade receivables (Note 21a)	2,348,551	2,176,992
	Other receivables (Note 21c)	731,080	554,280
		3,079,631	2,731,272

21a Trade receivables meet the definition of financial asset and the carrying amount of the trade receivables approximates their fair value. Trade receivables are expected to be fully collected within 1 year.

21b As at 31 December 2021, trade receivables of an initial value of ₦82miilion (2020: ₦272million) were impaired and provided for. See below for the movements in the provision for impairment of trade receivables.

	Individually impaired	Total
	'₦000	'₦000
At 1 January 2021	272,825	272,825
Addition	145,286	145,286
Write off of trade receivables	(335,806)	(335,806)
At 31 December 2021	82,306	82,306
At 1 January 2020	522,666	522,666
Addition	270,271	270,271
Write off of trade receivables	(384,266)	(384,266)
Write off of WHT receivables	(135,846)	(135,846)
At 31 December 2020	272,825	272,825

Notes to the financial statements.

		Dec-21	Dec-20
		₦'000	₦'000
21c.	Other receivables		
	Withholding tax receivables (WHT)	160,802	142,363
	Staff advances and other debtors	570,278	411,917
		731,080	554,280

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

		Dec-21	Dec-20
		₦'000	₦'000
22	Prepayments		
	Advance to suppliers	662,497	217,636
	Other prepayments	156,571	78,676
		819,068	296,312

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

		Dec-21	Dec-20
		₦'000	₦'000
23	Cash and cash equivalents		
	Bank balances	1,108,756	2,772,628
	Cash at hand	4,740	4,817
	Short-term deposits (including demand and time deposits)	111,019	427,909
	Total cash and cash equivalents	1,224,516	3,205,354

Short–term deposits are made for varying years of between one day and three months, depending on the immediate cash requirements of the Company and weighted average interest rate is at 8.30%.
For the purpose of cash flows, cash and cash equivalents consist of:

	Dec-21	Dec-20
	₦'000	₦'000
Bank overdraft (Note 23.1)	(259,662)	(232,229)
Cash and cash equivalents	1,224,516	3,205,354
	964,854	2,973,125

23.1 Bank overdraft represents the outstanding commitment on short-term borrowings for working capital management. The bank overdrafts are secured against mortgage debenture held by a trustee. The lenders are Access Bank,FCMB and FSDH The interest on the overdraft ranges from 13– 16%.
Cash at banks in some classified account (e.g Call accounts, DSRA account and others) earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the financial statements.

		Dec-21 ₦'000	Dec-20 ₦'000
24	Interest Bearing Loans and borrowings		
	(Non-current portion)		
	Bank of Industry	1,659,104	-
	Bank of Industry ('BOI') 3 (Note 24b)	-	268,274
	Bank of Industry ('BOI') 4 (Note 24b)	647,844	597,465
	RSSF (Note 24c)	133,998	382,168
	CBN DCRR/FCMB WC (Note 24d)	371,343	316,494
	CBN DCRR/FCMB CAPEX(Note 24d)	1,259,561	1,331,157
	NEXIM/Fidelity (Note 24e)	980,388	1,155,124
	NEXIM/Fidelity working capital	1,409,853	-
		6,462,091	4,050,683
	(Current portion)		
	Bank of Industry	33,333	
	Bank of Industry ('BOI') 3 (Note 24b)	-	628,304
	Bank of Industry ('BOI') 4 (Note 24b)	166,667	292,383
	RSSF (Note 24c)	333,333	456,127
	CBN DCRR/FCMB WC (Note 24d)	297,074	137,893
	CBN DCRR/FCMB CAPEX (Note 24d)	-	-
	NEXIM/FIDELITY (Note 24e)	400,000	149,990
	NEXIM/Fidelity working capital (Note 24e)	-	-
	Short term borrowings (Note 24f)	603,647	4,971,570
		1,834,054	6,636,268
	Total	8,296,145	10,686,952
24a	Reconciliation of interest bearing loans		
	At 1 January	10,686,952	6,322,665
	Interest expense	1,227,516	1,249,193
	Additions	3,500,000	6,768,450
	Principal repayment	(5,890,806)	(2,404,163)
	Interest paid	(1,227,516)	(1,249,193)
	At 31 December	8,296,145	10,686,952

24b The BOI loan is a N2billion loan granted in two tranches of N1bn each. The first N1bn granted at 10% for 84 months for capital expenditure while the other N1bn granted at 15% for 42 months to augument working capital.
A fair value of the loan was obtained using estimated market rate of 18%. The difference between the loan rate and market rate accounted for a grant element of N221.2m. This was recognised as government grant and will be recognised in profit or loss over the duration of the loan. The loan was granted in 2019 with a moratorium of 1 year.
The moratorium on principal repayment of BOI loan 3 and 4 has been extended by one year, this is to cushion the effect of the covid pandemic,2% reduction in interest rate was also granted until March 31, 2021.The working capital loan has been paid off.

24c RSSF loan is a N1.5billion Central Bank of Nigeria (CBN) Real Sector Support Facility granted to Fidson Healthcare Plc at 9% for 60 months. A fair value of the loan was obtained using estimated market rate of 17%. The difference between the loan rate and market rate accounted for a grant element of N213m which has been recognised as government grant and will be recognised over the duration of the loan. The loan was granted in 2018 for the acquisition of Gas Generators and other pharmaceutical machinery for the factory.The interest on RSSF loan was reduced to 5% for a period of one year to cushion the effect of pandemic.

24d FCMB loan is a N2.5billion Central Bank of Nigeria (CBN) Real Sector Support Facility-Differentiated Cash Reserve Requirement granted to Fidson Healthcare PLC for 84 months. The principlal and interest shall be in twenty equal instalment and the interest shall be 9% per annum,however the CBN concessionary rate of 5% will apply till February 28,2021.in addition the moratorium period for principal repaytament has been extended further by another one year till 2022.

Notes to the financial statements.

24e Nexim Loan is a N3billion Nigerian Export-Import bank loan under the direct leading scheme to Fidson healthcare PLC at the rate of 9% per annum, the loan was disbursed in two equal instalment, N1.5billion for equipment finance and the other for working capital utilization.

24f Short- term borrowings above are current and are expected to be settled within 12 months of the reporting date. The loans are import finance facilities from Access Bank and First City Monument Bank,FSDH Marchant Bank and Fidelity Bank . The Security for the borrowings is a legal mortgage over the company's All Asset Debenture. Also included in the short term borrowing is N800million Letters of Credit established by Wema Bank, Union Bank yet to be debited from our account. The transaction is cash backed and the corresponding cash balance is included in cash and bank balances as at 31 December 2021

The carrying value of short term borrowings approximates their fair value-due to the short-term nature and the fact that there were no material movement in market rates since the inception the loans.

24g The new BOI faciliy is a 6years period term loan of N5billion of which the sum of N2billion was disbursed during the year. The initial interest rate on the facility is 5% which will elapse in February 2022 and 9% subsequent interest to the end of the facility.

25 Obligation under finance lease

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

25a Maturity analysis

	Dec-21	Dec-20
	₦'000	₦'000
Year 1	130,687	130,687
Year 2	120,674	120,674
Year 3	68,827	68,827
Year 4	-	-
	320,188	320,188
Less Unearned Interest	(169,247)	(59,747)
	150,941	260,441
Analysed as		
Current	87,350	95,982
Non Current	63,590	164,459
At 31 December	150,941	260,441

25a Reconciliation of obligation under finance lease

	Dec-21	Dec-20
	₦'000	₦'000
At 1 January	260,441	528,917
Additions	-	
Repayment	(109,500)	(268,476)
	150,941	260,441

26 Retirement benefit obligation

Net benefit expense (recognised in administrative expenses)

	Dec-21	Dec-20
	₦'000	₦'000
Interest cost on benefit obligation	20,011	36,838
Net benefit expense	20,011	36,838
Defined benefit liability	268,185	447,792

Notes to the financial statements.

26b Changes in the present value of the defined benefit obligation are as follows:

	Dec-21	Dec-20
	₦'000	₦'000
Defined benefit liability at 1 January	272,143	278,533
Interest cost	20,011	36,838
Benefits paid	(3,958)	(6,390)
Re-measurement gain on obligation (experience adjustment)	(20,011)	(36,838)
	268,185	272,143
Executive Gratuity	-	175,649
	268,185	447,792

		Dec-21	Dec-20
		₦'000	₦'000
27	Government grant		
	At 1 January	1,182,477	367,875
	Additions	465,562	1,014,690
	Released to profit or loss	(333,871)	(200,088)
	At 31 Deceember 2021	1,314,168	1,182,477
	Current	356,650	244,229
	Non-current	957,518	938,248
		1,314,168	1,182,477

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

		Dec-21	Dec-20
		₦'000	₦'000
28	Deferred revenue		
	At 1 January	7,917	11,084
	Addition	-	
	Released to the profit or loss	(3,167)	(3,167)
	At 31 Deceember 2021	4,751	7,917
	Current	3,167	3,167
	Non-current	1,584	4,751
		4,751	7,917

This represents deferred rental income from an insignificant portion of the Company's building held to earn rentals.

		Dec-21	Dec-20
		₦'000	₦'000
29	Trade and other payables		
	Trade payables	1,786,724	866,760
	Accruals	1,389,952	845,369
	Other payables (Note 29a)	1,653,886	465,439
		4,830,562	2,177,568
29a.	**Other payables**		
	Other creditors	1,556,131	323,572
	Withholding tax (WHT)	66,133	105,265
	Nigeria Social Insurance Trust Fund (NSITF)	-	-
	Payable to the Directors	6,022	20,369
	Pay as you earn (PAYE)	15,351	11,225
	Staff Cooperative	1,930	1,560
	NHF	584	458
	VAT Payable	234	522
	Staff Pension Fund	7,501	-
	Non Executive Directors	-	-
	Outstanding due General Managers	-	2,468
		1,653,886	465,439

Notes to the financial statements.

Other creditors are non-interest bearing and have an average term of six months.

Trade payables, and other payables meet the definition of financial liability and their carrying amounts approximate fair value because the terms and conditions of payment is within 1 year for trade and other payables.

		Dec-21	Dec-20
		₦'000	₦'000
30	Other Current Financial Liabilities		
	Commercial papers	2,150,000	-
		2,150,000	-

Other current financial liability is the 269days N4.5billion commercial paper raised at 8% to augment the working capital.

		Dec-21	Dec-20
		₦'000	₦'000
31	Dividends		
	Dividends paid and proposed	521,590	312,939
	Paid during the year	(521,590)	(312,939)
	Balance unpaid	-	-
	Dividends on ordinary shares:		
	Dividend paid for 2020: N0.25k per share (2019 : N0.15k per share)	521,590	312,939

Dividend paid during the year was approved during annual general meeting held on 28th of July 2021 by the shareholders.

		Dec-21	Dec-20
		₦'000	₦'000
31a	Unclaimed dividend		
	Unclaimed dividend	74,551	38,937

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

31b Reconciliation of unclaimed dividend

	Dec-21	Dec-20
	₦'000	₦'000
At I January	38,937	38,937
Additions	35,614	312,939
Payment	-	(312,939)
(Payment)/refund of unclaimed dividend	-	-
At 31 December 2021	74,551	38,937

Notes to the financial statements.

		Dec-21	Dec-20
		₦'000	**₦'000**
32	Share capital and reserves		
	Authorised share capital		
	2,400,000,000 ordinary shares of 50k each	1,200,000	1,200,000
		1,200,000	1,200,000

	Dec-21	Dec-20
Issued and fully paid:	**₦'000**	**₦'000**
2,086,360,250 ordinary shares of 50k each	1,043,180	1,043,180
	1,043,180	1,043,180

		Dec-21	Dec-20
33	Share premium	**₦'000**	**₦'000**
	At 31 December	4,933,932	4,933,932

Section 120.2 of Companies and Allied Matters Act requires that where a Company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.
Share premium arose as a result of premium paid on increase in share capitalof 50k from 200,000,000 to 1,500,000,000 and 1,500,000,000 to 2,086,360,250 ordinary shares in November 2007 and April 2019 respectively.

34 Available for sale reserve

The reserve records fair value changes in available for sale financial asset.

	Dec-21	Dec-20
	₦'000	**₦'000**
At 1 January	515	(725)
Other Comprehensive income for the year, net	70	1,240
At 31 December	**585**	**515**

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