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Intravenous Infusions PLC Limited

**Report and Financial Statements
31 December 2015**

Intravenous Infusions PLC Limited

Report and financial statements 2015

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Intravenous Infusions PLC Limited

Corporate information

Directors

Isaac Osei
Richard Okrah
Kofi Appenteng
Leon Appenteng
Samuel A. Appenteng
Nana Osei Owusu Banahene
Michael Amafu-Dey
Prof. Mrs. Gladys Amponsah

- Chairman
- Managing Director

Secretary registered office

Dehands Services Limited
4 Liberation Road
P O Box GP 453
Accra

Auditors

Deloitte & Touche
Chartered Accountants
4 Liberation Road
P O Box GP 453
Accra

Bankers

Barclays Bank (Ghana) Limited
Ecobank (Ghana) Limited
Ecobank (Cote d'Ivoire)
National Investment Bank

Intravenous Infusions PLC Limited

Intravenous Infusions PLC Limited

Directors' report

For the year 31 December 2015

In accordance with the requirements of section 132 of the Companies Code, 1963, (Act 179), the Directors have the pleasure in presenting the report of the Company for the year ended 31 December, 2015.

Statement of directors' responsibilities

The directors are responsible for the preparation of the financial statements for each financial year which gives a true and fair financial position and performance of the company. In preparing these financial statements, the directors have selected suitable accounting policies that follow International Financial Reporting Standards (IFRS) and the requirements of the Companies Code, 1963, (Act 179).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activities of the company include the manufacturing and marketing of pharmaceutical products and medical supplies.

Financial Results

The results of the company are set out on pages 5 to 8. The company recorded a loss of GHC 519,638 as against a net loss of GHC 776,803 in 2014. The loss once again is due to high finance cost and huge exchange loss during the year.

Auditors

Messrs. Deloitte & Touche have indicated their willingness to continue in office as auditors of the company and in accordance with Section 134 (5) of the Companies Code 1963 (Act 179) they so continue.

By order of the board of directors

Name... IRAAE OSEI

Signed... 

Name... RICHARD OKRAH

Signed... 

Independent auditors' report

To the members of Intravenous Infusions Limited

We have audited the accompanying financial statements of Intravenous Infusions PLC Limited as at 31 December, 2015, set out on pages 7 to 42, which have been prepared on the basis of the significant accounting policies on pages 10 to 32 and other explanatory notes on pages 33 to 42.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Code 1963, (Act 179). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the company have kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies Code 1963, (Act 179). The financial statements give a true and fair view of the financial position of the company as at 31 December 2015, and of its financial performance and cash flow for the year then ended and are drawn up in accordance with International Financial Reporting Standards and in manner required by the Companies Code, 1963, (Act 179).

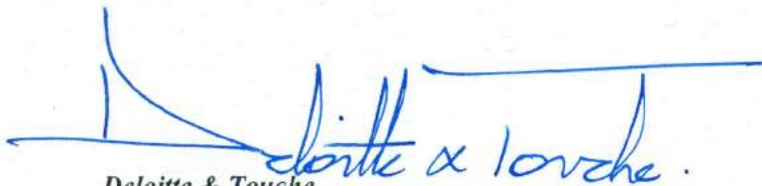
Independent auditors' report - continued

To the members of Intravenous Infusions PLC Limited

Report on other legal requirements

The Ghana Companies Code, 1963 (Act 179) requires that in carrying out our audit work we consider and report 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 purposes of our audit;
- ii. in our opinion proper books of accounts have been kept by the company so far as appears from our examination of those books; and
- iii. the balance sheet and profit and loss account of the company are in agreement with the books of accounts.



Deloitte & Touche

Licence Number: ICAG/F/2016/129

Chartered Accountants

4 Liberation Road

Accra, Ghana

Felix Nana Sackey

Practising Certificate: Licence No. ICAG/P/1131

31st March, 2016

Intravenous Infusions PLC Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Note	2015 GH¢	2014 GH¢
Revenue	6	7,529,883	6,464,964
Cost of sales	7	(4,335,004)	(3,684,805)
Gross profit		3,194,879	2,780,159
Other income	8	26,104	10,207
		3,220,983	2,790,366
Selling, administrative and general expenses	9	(3,086,197)	(3,262,912)
Operating profit		134,786	(472,546)
Finance cost	10	(689,952)	(512,624)
Net Profit before Tax		(555,166)	(985,170)
Income tax expense	11	-	-
Deferred tax asset		35,528	208,367
Other Comprehensive income:			
Total comprehensive income		(519,638)	(776,803)

The accompanying notes form an integral part of the financial statements.

Intravenous Infusions PLC Limited

Balance sheet

As at 31 December 2015

	Note	2015 GH¢	2014 GH¢
Assets			
Non current assets			
Property, plant and equipment	12	3,633,087	3,795,065
Current assets			
Inventories		1,254,411	1,059,674
Receivables	13	5,171,611	4,266,474
Current tax	11	160,492	115,658
Cash and bank balances	14	3,482,218	233,298
Total current assets		10,068,732	5,675,104
Total assets		13,701,819	9,470,169
Equity and liabilities			
Capital and reserves			
Stated capital	15	7,213,184	570,520
Retained earnings		(3,156,859)	(2,637,221)
Capital surplus		2,468,400	2,468,400
		6,524,725	401,699
Non-Current liabilities			
Employee Benefit Obligation	16	1,021,660	928,092
Deferred tax liability	11 b	616,689	652,217
Total non-current liability		1,638,349	1,580,309
Current liabilities			
Borrowings	17	-	1,561,882
Payables	18	5,538,745	5,926,279
Current tax		-	-
		5,538,745	7,488,161
Total equity and liabilities		13,701,819	9,470,169

The Board of Directors approved the financial statements on March 18, 2016.



Director



Director

Intravenous Infusions PLC Limited

Statement of changes in equity

For the year ended 31 December 2015

	Stated capital GH¢	Income surplus GH¢	Capital surplus GH¢	Total equity GH¢
At 1 January	570,520	(2,637,221)	2,468,400	401,699
Cash from share issue	6,642,664	-	-	6,642,664
Transfer from profit and loss account	-	(519,638)	-	(519,638)
At 31 December	7,213,184	(3,156,859)	2,468,400	6,524,725

Intravenous Infusions PLC Limited

Statement of cash flow

For the year ended 31 December 2015

	2015 GH¢	2014 GH¢
Profit from operations before tax	(555,166)	(985,170)
Adjustment for:		
Depreciation of property, plant and equipment	215,933	165,126
Employee benefit obligation	93,568	(19,011)
Profit from disposal of non-current asset	(9,674)	-
Operating cash flow before movement in working capital	(255,339)	(839,055)
(Increase)/decrease in inventories	(194,737)	199,158
(Increase)/ decrease in receivables and prepayments	(905,137)	(1,620,271)
Increase in payables and accruals	(387,534)	2,572,812
	(1,487,408)	1,151,699
Cash generated from operations	(1,742,747)	312,644
Tax paid	(44,834)	(58,406)
Net cash from operating activities	(1,787,581)	254,238
Investing activities		
Purchase of property, plant and equipment	(56,907)	(302,037)
Proceeds from sale of non-current asset	12,625	-
Net cash used in investing activities	(44,282)	(302,037)
Financing activities		
Increase in borrowings	(1,561,882)	250,926
Cash from share issues	6,642,664	497
Net cash used in financing activities	5,080,782	251,423
Net decrease in cash and cash equivalents	3,248,919	203,624
Cash and cash equivalents at beginning of the year	233,299	29,675
Bank balances and cash	3,482,218	233,299

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015

1. General information

Intravenous Infusion PLC Limited is a limited liability company incorporated in Ghana. The address of its registered office and principal place of business is Plot 4/7 Blk L Effiduase P. O. Box KF 63 Koforidua.

The principal activity of the company is the manufacturing and marketing of pharmaceutical products.

2. Basis of preparation and accounting policies

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Ghana Cedi (GHC).

3. Summary of significant accounting policies

3.1. Fair value measurement

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:

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

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- iii. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.1. Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.2. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Turnover represents net invoice value after the deduction of discounts and allowances given and accruals for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesale and other third-party analysis, market research data and internally generated information. Value added tax and other sales taxes are excluded from revenue.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

3.3 Taxes

3.3.1 Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of 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.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3.3.2 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:

- i. 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.
- ii. 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:

- a) 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.

3.3.2 Deferred tax (cont'd)

- b) In respect of deductible temporary differences associated with investment 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 recognised.

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 relating to items recognised outside profit or loss is recognised outside profit or loss and other comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.4 Foreign currencies

In preparing the financial statement of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated 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 not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- i. Exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- ii. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3.5 Property, plant and equipment

Property, plant and equipment (PP&E) is stated at cost of purchase or construction less provisions for depreciation and impairment. Financing costs are capitalised within the cost of qualifying assets in construction. Depreciation is calculated to write off the cost less residual value of PP&E, excluding freehold land, using the straight-line basis over the expected useful life. Residual values and lives are reviewed, and where appropriate adjusted, annually. The normal expected useful lives of the major categories of PP&E are:

Leasehold land and building	3%
Plant, machinery and equipment	10-33.33%
Furniture and fittings	20%
Motor vehicles	20-25%

On disposal of PP&E, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the income statement.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

Revaluation

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

3.6 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

3.6.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the company commits to purchase or sell the asset.

3.6.1.2 Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- i. Financial assets at fair value through profit or loss
- ii. Loans and receivables
- iii. Held-to-maturity
- iv. Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The company has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.6.1.2 Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss (cont'd)

Derivatives embedded in host contracts are counted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contracts that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

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

Held-to-maturity investments

held to maturity when the company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment.

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

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.6.1.2 Subsequent measurement (cont'd)

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the company is unable to trade these financial assets due to inactive markets, the company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

3.6.1.3 De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) 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
 - i. the company has transferred substantially all the risks and rewards of the asset, or
 - ii. the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.6.1.3 De-recognition of financial assets (cont'd)

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. 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.

3.6.1.4 Impairment of financial assets

The company assesses, at each reporting date, whether there is objective evidence that a financial asset or a company of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.6.2 Financial liabilities

3.6.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including company overdrafts, financial guarantee contracts and derivative financial instruments.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.6.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationship as defined by IAS 39. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

3.6.2.3 De-recognition 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.6.3 Offsetting of financial instruments

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

3.7 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 amounts. 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 Company's 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 transaction 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.

The Company uses its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously re-valued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, 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, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a re-valued amount, in which case, the reversal is treated as a revaluation increase.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.8 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding company overdrafts.

3.9 Provisions

3.9.1 General

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

Details of the provision are shown in note 19.

3.9.2 Pensions and other post-employment benefits

The costs of providing pensions under defined benefits schemes are calculated using the projected unit credit method and spread over the period during which benefit is expected to be derived from the employee's services, consistent with the advice of qualified actuaries. Pension obligations are measured as the present Pension scheme assets are measured at fair value at the balance sheet date.

The cost of other post-employment liabilities are calculated in a similar way to defined benefit pension schemes and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries.

Actuarial gains and losses and the effect of changes in actuarial assumptions, are recognised in the statement of comprehensive income in the year in which they arise.

In addition, the Company provides short-term incentive programs including one which rewards participants based on company performance and one which is linked to department performance and achievement of individual goals.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations

3.10.1 Standards and interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

IFRS 10 "Consolidated Financial Statements"

Published by IASB on 12 May 2011. IFRS 10 replaces the consolidated guidance in IAS 27 introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has

- 1) power over the investee
- 2) exposure, or rights, to variable returns from its involvement with the investee
- 3) the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 "Joint Arrangements"

Published by IASB on 12 May 2011. IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

IFRS 12 "Disclosures of Interests in Other Entities"

Published by IASB on 12 May 2011. IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structure entities and non-controlling interest holders' involvement in the activities of consolidated entities.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations (cont'd)

3.10.1 Standards and interpretations effective in the current period (cont'd)

IFRS 13 "Fair Value Measurement"

Published by IASB on 12 May 2011. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IAS 27 "Separate Financial Statements" (revised in 2011)

Published by IASB on 12 May 2011. The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 "Investments in Associates and Joint Ventures" (revised in 2011)

Published by IASB on 12 May 2011. IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

Amendment to IFRS 1 "First-time Adoption of IFRS: - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters published by IASB on 20 December 2010.

The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRS', thus eliminating the need for companies adopting IFRSs for the first time to restate de-recognition transactions that occurred before the date of transition to IFRS. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs its functional currency was subject to severe hyperinflation.

Amendments to IFRS 1 - "First-time Adoption of IFRS"

Government Loans published by IASB on 13 March 2012. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 :Accounting for Government Grants and Disclosure of Government Assistance" in 2008.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations (cont'd)

3.10.1 Standards and interpretations effective in the current period (cont'd)

Amendments to IFRS 7 "Financial Instruments: Disclosures"

Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. The amendments require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities"

Transition Guidance published by IASB on 28 June 2012. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period". Also amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IAS 19 "Employee Benefits"

Improvements to the Accounting for Post-employment Benefits published by IASB on 16 June 2011. The amendments make important improvements by :

- i) eliminating an option to defer the recognition of gains and losses, known as the "corridor method", improving comparability and faithfulness of presentation
- ii) streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including including requiring re-measurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations
- iii) enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations (cont'd)

3.10.1 Standards and interpretations effective in the current period (cont'd)

Amendments to various standards "Improvements to IFRSs (cycle 2009-2011)"

Published by IASB on 17 May 2012. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) Repeated application of IFRS 1, (ii) Borrowing cost under IFRS 1, (iii) Clarification of the requirements for comparative information, (iv) Classification of servicing equipment (v) Tax effect of distribution to holders of equity instruments (vi) Interim financial reporting and segment information for total assets and liabilities.

IFRC 20 "Stripping Costs in the Production Phas of a Surface Mine"

Published by IASB on 19 October 2011. The interpretation states that costs associated with a "stripping activity" should be accounted for as an addition to, or an enhancement of, an existing asset, and that this component should be amortised over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity (using the units of production method unless another method is more appropriate). The adoption of these amendments to the existing standards and interpretations has not led to any chnages in the entity's accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of this financial statement, thr following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

IFRS 9 "Financial Instruments" and subsequent amendments (effective date was not yet determined)

IFRS 9 "Financial Instruments" published by IASB on 12 November 2009. In 28 October 2010, IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for de-recognition of financial assets and financial liabilities. On 19 November 2013, IASB issued another package of amendments to the accounting requirements for financial instruments. Standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations (cont'd)

3.10.1 Standards and interpretations effective in the current period (cont'd)

IFRS 9 "Financial Instruments" and subsequent amendments (effective date was not yet determined) - (cont'd)

The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The new requirements on accounting for financial liabilities address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. The IASB decided to maintain the existing amortised cost measurement for most liabilities, limiting change to that required to address the own credit problem. With the new requirements, an entity choosing to value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the measure a liability at fair value in the other comprehensive income section of the income statement, rather than within profit or loss. The amendments from November 2013 bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. It allows the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments. It also removes the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"

Mandatory Effective Date and Transition Disclosures published by IASB on 16 December 2011. Amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" – Investment Entities (effective for annual periods beginning on or after 1 January 2014).

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations (cont'd)

3.10.1 Standards and interpretations effective in the current period (cont'd)

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements"

Investment Entities published by IASB on 31 October 2012. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions published by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Amendments to IAS 32 "Financial instruments: presentation"

Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),

Amendments to IAS 32 "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations (cont'd)

3.10.1 Standards and interpretations effective in the current period (cont'd)

Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non - Financial Assets (effective for annual periods beginning on or after 1 January 2014),

published by IASB on 29 May 2013. These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014)

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Novation of Derivatives and Continuation of Hedge Accounting published by IASB on 27 June 2013.

The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014).

Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) measuring short-term receivables and payables; (v) proportionate restatement of accumulated depreciation application in revaluation method and (vi) clarification on key management personnel.

Notes to the financial statements

For the year ended 31 December 2015 - continued

3. Summary of significant accounting policies (continued)

3.10 New and amended standards and interpretations (cont'd)

3.10.1 Standards and interpretations effective in the current period (cont'd)

Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014).

Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope of paragraph 52 of IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).

IFRIC 21 "Levies" published by IASB on 20 May 2013. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The Entity has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

Notes to the financial statements

For the year ended 31 December 2015 - continued

4. Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, 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 assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue

Revenue is recognised when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience. Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix.

The level of accrual is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Notes to the financial statements

For the year ended 31 December 2015 - continued

4. Critical accounting judgements, estimates and assumptions (continued)

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Notes to the financial statements

For the year ended 31 December 2015 - continued

4. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Useful lives of property, plant and equipment

As described at 3.4 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of equipment should be shortened, due to developments in

De-recognition of intangible assets

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is de-recognized.

Notes to the financial statements

For the year ended 31 December 2015 - continued

5. Capital management

For the purpose of the Company's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the Company to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20% and 40%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

6. Revenue	2015	2014
	GH¢	GH¢
Export sales	14,850	58,696
Local sales	7,515,033	6,406,268
	<u>7,529,883</u>	<u>6,464,964</u>
7. Cost of Operations	2015	2014
	GH¢	GH¢
Stock of Raw Materials at 1/01/15	596,730	633,885
Stock of Non-trade stock at 1/01/15	176,253	107,134
Purchases of Raw Materials & non-trade stock	2,492,117	1,729,084
Stock of Raw Materials at 31/12/15	(750,206)	(596,730)
Stock of Non-trade stock at 31/12/15	(219,917)	(176,253)
Raw materials consumed	<u>2,294,977</u>	<u>1,697,120</u>
Production Overheads		
Direct labour	1,023,532	887,512
Factory overheads	1,014,092	869,051
Production costs	<u>4,332,601</u>	<u>3,453,683</u>
Stock of Finished Goods at 1/01/15	286,691	517,813
Stock of Finished Goods at 31/12/15	(284,288)	(286,691)
Cost of Operations	<u>4,335,004</u>	<u>3,684,805</u>
8. Other income	2015	2014
	GH¢	GH¢
Profit from disposal of motor vehicle	10,625	-
Indirect income	15,479	10,207
	<u>26,104</u>	<u>10,207</u>

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

9. Selling, administrative and general expenses	2015 GH¢	2014 GH¢
Directors' emoluments	96,746	94,150
Salaries and wages	697,732	666,315
Bank interest and charges	28,544	93,701
Postage and telephones	33,621	28,800
Cleaning expenses	4,448	5,150
Rents & Rates	67,936	67,729
Secretarial services	24,160	15,508
Donations and subscriptions	20,721	10,641
Carriage outwards	132,240	112,917
Entertainment	5,370	5,401
Audit fees	30,000	20,000
Printing and stationery	14,961	18,449
Licenses and registration	48,011	43,633
Insurance	15,867	24,298
Travelling and transport	212,074	132,050
Motor vehicle expenses	283,142	293,570
Advertisements and sales promotion	373,645	235,289
Repairs and maintenance	49,568	67,684
Medical expenses	10,252	9,326
Staff welfare expenses	6,205	12,563
Professional/Legal/Consultancy services	34,050	28,000
Sundry expenses	12,351	20,102
Freight on export sales	-	185
Depreciation	94,157	44,592
Other staff cost (training)	850	2,641
Security Expenses	82,963	75,672
Defined benefit obligation	158,496	116,225
Electricity & water (bungalows)	8,746	6,979
Exchange loss	506,128	1,011,342
Stamp duty	33,213	-
	<u>3,086,197</u>	<u>3,262,912</u>
10. Finance cost	2015 GH¢	2014 GH¢
Loan interest payable	137,261	116,488
Bank overdraft interest	552,691	396,136
	<u>689,952</u>	<u>512,624</u>

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

11. Taxation

	2015 GH¢	2014 GH¢
a. Income tax expense		
Income tax	-	-
Deferred tax expense	(35,528)	(208,367)

Income tax is calculated at the rate of 18.75% of the estimated assessable profit for the year. Income tax expense for the year is NIL and may differ from the amount that would result from applying the tax rate of 18.75% (both 2015 and 2014) to profit before tax because, under the tax laws of Ghana items such as depreciation provision amounting to GHC 215,933 in 2015 and GHC 93,904.71 in 2014 that are recognised in measuring profit before tax are not tax-deductible.

b. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 25%. The movement on the deferred income tax account is as follows:

	2015 GH¢	2014 GH¢
At start of year	652,217	860,584
Income statement (credit)/charge	(35,528)	(208,367)
	<u>616,689</u>	<u>652,217</u>

c. Corporate tax

Corporate tax:

	At 1 Jan GH¢	Payments GH¢	P & L charge GH¢	At 31 Dec GH¢
Up to 2011	(49,877)	-	-	(49,877)
2012	15,598	-	-	15,598
2013	(81,379)	-	-	(81,379)
2014	-	-	-	-
2015	-	(44,834)	-	(44,834)
	<u>(115,658)</u>	<u>(44,834)</u>	<u>-</u>	<u>(160,492)</u>

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

12. Property, plant and equipment

Cost/valuation:	At 1 Jan GH¢	Additions GH¢	Disposals GH¢	At 31 Dec GH¢
Leasehold land & building	1,751,421	-	-	1,751,421
Plant, machinery & equipment	1,268,602	19,460	-	1,288,062
Motor vehicles	457,059	-	(12,800)	444,259
Furniture & fittings	170,578	18,170	(7,377)	181,371
Spare parts	168,225	-	-	168,225
Work in progress	1,685,439	19,277	-	1,704,716
	5,501,324	56,907	(20,177)	5,538,054
Depreciation:	At 1 Jan GH¢	Charge for year GH¢	Disposals GH¢	At 31 Dec GH¢
Leasehold land & building	362,697	48,401	-	411,098
Plant, machinery & equipment	770,073	108,432	-	878,505
Motor vehicles	431,138	24,801	(12,800)	443,139
Furniture & fittings	125,529	17,476	(4,426)	138,579
Spare parts	16,823	16,823	-	33,646
	1,706,260	215,933	(17,226)	1,904,967
Net book value:				
At 31 December, 2015				3,633,087
At 31 December, 2014				3,795,064

12.1 Disposal of non-current asset

	Cost GH¢	Depreciation GH¢	Proceeds GH¢	Profit/(Loss) GH¢
Motor vehicle	12,800	12,800	10,625	10,625
Furniture & fittings	7,377	4,426	2,000	(951)
	20,177	17,226	12,625	9,674

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

13. Trade and other receivables

	2015 GH¢	2014 GH¢
Trade receivables	3,830,687	3,438,860
Allowance for bad debt	(11,446)	(11,446)
Other receivables	1,328,185	805,959
Prepayments	24,185	33,101
	<u>5,171,611</u>	<u>4,266,474</u>

The average credit period on sales of goods is 60 days. No interest is charged on trade receivables for the first 60 days from the date of the invoice. The company has recognised an allowance for doubtful debts of 100% against all receivables over 120 days because historical experience has been that receivables that are past due beyond 120 days are not recoverable.

Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables prescribed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	2015 GH¢	2014 GH¢
(< 30 days)	544,060	648,067
30 to 60 days	605,618	628,983
60 to 90 days	411,824	324,755
90 to 180 days	1,132,236	1,219,929
180 to 360 days	430,907	345,763
(> 360 days)	706,042	271,363
	<u>3,830,687</u>	<u>3,438,860</u>

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

14. Cash and cash equivalent	2015 GH¢	2014 GH¢
Cash account	6,740	5,684
Bank account	3,475,478	227,614
	<u>3,482,218</u>	<u>233,298</u>

15. Stated capital	No. of Shares	Amount GH¢
Issued for cash and fully paid	200,420,877	6,173,101
Preference shares converted to equity	20,324,119	540,000
Transfer from surplus	-	20,000
Conversion of debt to equity	5,876,250	470,100
Loan converted into equity	-	9,983
	<u>226,621,246</u>	<u>7,213,184</u>

The Company listed its shares on the Ghana Alternative Market of the Ghana Stock Exchange for its Initial Public Offer during the year. The total proceeds realized from the sale of the shares were GHS6,829,642 and the associated cost of the Offer was GHS186,978. Therefore the net increase in Stated Capital was GHS6,642,664.

16. Employment benefit obligation

The movement in the net defined liability is as follows:

Employee Obligation	2015 GH¢	2014 GH¢
At start of year	928,092	947,104
Service cost	44,735	(21,105)
Interest cost	113,762	137,330
Payment by Employer	(64,929)	(135,237)
At end of year	<u>1,021,660</u>	<u>928,092</u>

The company pays its employees a long service benefits. The benefit is paid when employees reach predetermined milestones. The method of accounting and frequency of valuation are similar to be used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

Actuarial assumptions

The actuary certify to the reasonableness of the actuarial assumptions below:

Mortality The RP 2000 Mortality Table

Salary Salaries are assumed to increase at an annual average rate of 12%

Inflation An average inflation rate of 11.5% is assumed.

Discount A discount rate of 14.5% is assumed

Turnover A turnover rate of 5% is assumed

Retirement Retirement age is set at age 60.

Sensitivity analysis

Discount rate	14.5%	13.05%	15.95%	14.5%	14.5%
Salary increase	12.0%	12.0%	12.0%	10.80%	13.2%
Defined benefit					
Obligation (DBO)	1,021,660	1,036,760	999,480	1,026,393	1,026,393

17. Borrowing

2015
GH¢

2014
GH¢

Amount due after one year

-

-

18. Trade and other payables

2015
GH¢

2014
GH¢

Trade payables	2,659,665	2,395,154
Other payables (Taxes payable)	1,049,495	1,603,079
Directors' current account	30,406	20,671
Loans payable within one year (Debenture inclusive)	1,716,676	1,884,224
Accrued charges	82,503	23,151

5,538,745

5,926,279

The average credit period on purchases of goods is 4 months. No interest is charged on the trade payables for the first 60 days from the date of invoice. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

19. Financial risk management objective and policy

The company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in equity market prices. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out by the Finance Audit Committee of the company. The committee identifies, evaluates but does not hedge its financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk and investing excess liquidity.

19.1 Market risk

19.1.1 Foreign currency risk management

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

There was no foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

19.1.2 Price risk

The company is exposed to equity securities price risk because of investments in quoted and unquoted shares classified either as available-for-sale. To manage its price risk arising from investments in equity and debt securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Company. All quoted shares held by the Company are not traded on the Ghana Stock Exchange (GSE).

19.1.3 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- i. Trade receivables arising out of credit sales;
- ii. Advances to affiliates

Other areas where credit risk arises include cash and cash equivalents, and deposits with banks and other receivables. The company has no significant concentrations of credit risk. The company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Intravenous Infusions PLC Limited

Notes to the financial statements

For the year ended 31 December 2015 - continued

19. Financial risk management objective and policy (cont'd)

19.1.3 Credit risk (cont'd)

The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the company. Management information reported to the company includes details of provisions for impairment on trade and other receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the company procedures on credit.

Maximum exposure to credit risk before collateral held

	2015 GH¢	2014 GH¢
Trade and other receivables excluding prepayments	5,147,426	4,233,373
Cash and bank balances	3,482,218	233,298
Total	8,629,644	4,466,671

No collateral is held for any of the above assets. All receivables are neither past due or impaired are within their approval credit limits, and no receivables have had their terms renegotiated. None of the above assets are past due or impaired.

Maturity analysis of financial liabilities

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the financial liabilities into the relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date.

	2015 GH¢	2014 GH¢
Less than one year		
Trade and other payable	5,495,532	5,927,741

19.1.4 Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts when necessary.

Notes to the financial statements

For the year ended 31 December 2015 - continued

19. Financial risk management objective and policy (cont'd)

19.1.4 Liquidity risk

Fair values of financial assets and liabilities

The fair values of the company's financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual re-pricing or maturity dates. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the company at the statement of financial position date.

20 Contingencies and commitments

20.1 Legal proceedings and regulations

The company operates in the Pharmaceutical industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

There are no contingencies associated with the company's compliance or lack of compliance with regulations.

20.2 Capital commitments

The company has no capital commitments at the reporting date.

21 Related party transactions

This relates to transactions with key management personnel.

Transactions with Directors and Key Management Personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the company. These personnel are the Executive Directors of the company.

During the year, there were no significant related party transactions with companies or customers of the company where a Director or any connected person is also a director or key management members of the company. The company did not make provision in respect of loans to Directors or any key management member during the period under review.

	2015 GH¢	2014 GH¢
Salaries	-	-
Other benefits	-	-
	=====	=====

22 Event after the reporting period

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.