

**Deloitte.**

**Intravenous Infusion Plc**

**Report and Financial Statements  
31 December 2017**

## **Intravenous Infusions Plc**

# **Report and financial statements**

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# Intravenous Infusions Plc

## Corporate information

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### Directors:

Isaac Osei	Chairman
David Klutse	Managing director
Leon Appenteng	Director
Samuel A. Appenteng	Director
Nana Owusu Banahene	Director
Devine Doku	Director
Prof. Mrs Gladys Amponsah	Director

### Secretary Registered office:

Dehands Services Limited  
No. 9 Carrot Avenue  
P. O. Box CT 9347  
Accra

### Auditors:

Deloitte & Touche  
Chartered Accountants  
The Deloitte Place  
Plot No. 71, off George Walker  
Bush Highway  
North Dzorwulu  
Accra

### Bankers:

National Investment Bank  
Limited  
Agricultural Development Bank  
Limited  
CAL Bank Limited  
Ecobank (Ghana) Limited  
Ecobank (Cote D'ivoire) Limited  
Barclays Bank Ghana Limited  
Unibank Ghana Limited  
GCB Bank Limited  
First Atlantic Bank Ghana Limited

# Intravenous Infusions Plc

## Report of the directors

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The directors present their report and the accounts for the year ended 31 December 2017.

### 1. Nature of business

Intravenous Infusions Plc is a public 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.

### 2. Principal activities

Intravenous Infusions PLC (IIPLC) is a pharmaceutical company producing and distributing Intravenous Fluids in Ghana and the West African sub-region. The main business activity of IIPLC is the production of Intravenous Infusions and small volume injectable for therapeutic purposes. Intravenous Infusions therapy commonly called IV, refers to the administration of Fluids, drugs or blood directly into the circulatory system through a vein.

IIPLC production process is regulated and certificated by Food and Drugs Authority (FDA), and customs Divisions of Ghana Revenue Authority (GRA). Renewals for those certificates have been obtained for 2017 financial year. The wholesaling and distribution are regulated by Pharmacy Council under Act 857 and the certificate has been renewed for 2017 financial year.

### 3. Financial results

The statement of financial position has been signed by two directors indicating the board's approval of such statement of financial position and attached accounts on pages 15 to 51.

	2017 GHS	2016 GHS
The deficit brought forward on income surplus account at 1 January	(2,486,914)	(3,156,859)
To which must be added profit (loss) for the year after charging all expenses including depreciation of	<u>2,730,682</u>	<u>669,945</u>
Leaving a surplus to be carried forward on income surplus account at 31 December of	<u>243,768</u>	<u>(2,486,914)</u>

### 4. Dividend

The Directors do not recommend the payment of dividend.

## **Report of the directors**

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### **5. Auditors**

In accordance with Section 134 (5) of the Companies Act, 1963 (Act 179) the auditors, Messrs. Deloitte & Touche, will continue in office as auditors of the Company.

The Auditors are appointed by the Shareholders at the Annual General Meeting on the recommendation of the Board of Directors. Their professional fees are set and approved at the meeting.

During the year there was no any non-audit work done by the Auditors.

### **6. Going Concern**

No issues have come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve (12) months from the date of this statement.

### **7. Related party transaction**

As per requirement of IAS 24, related party transaction are disclosed under note 22 to the financial statements.

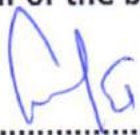
### **8. Corporate Responsibility and Compliance**


The Company is registered with Environmental Protection Agency (EPA) and has obtained the environmental permit and certificate for the year 2017. The company submits environmental reports annually as well as environmental management plan every 3 years.

### **9. Approval of financial statements**

The financial statements were approved by the board of directors on .....

**On behalf of the board**

  
.....  
Director:  
Date: 20/03/18

  
.....  
Director:  
Date: 20/03/18



## **Statement of directors' responsibilities**

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The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the financial statements comply with International Financial Reporting Standards (IFRS). They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

# **Corporate Governance**

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It is the policy of the Company to comply with international best practices in corporate governance to the extent appropriate for a company of its size.

The Board has established Audit and Risks Committee, Finance and Budget Committee, Human Resource and Staffing Committee. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

### **Board of Directors**

The Company still advocates for an integrated approach to corporate governance as evidenced by the governance framework. The Board consists of the Chairman, one Executive Directors and six (6) Non-Executive Director. The independent board provides strategic direction and has ultimate responsibility for the functioning of the Company.

The Board is accountable for all decisions taken by its Board committees and management. The Board and its committees all operate in terms of agreed mandates, which set out their terms of reference, and are reviewed and revised regularly in order to keep pace with global developments.

There are four reporting Committees responsible for supporting the Board of Directors

### **Finance and Budget Committee**

The specific duties of this committee are to:

- Develop financial regulations for the Company;
- Collaborate with management in managing company's funds;
- Review quarterly operational results to ensure that targets are met;
- Examine proposals for recurrent revenue and expenditure budgets, and make recommendations to the board of directors;
- Examine proposals for capital and development budges and make recommendations to the board of directors;
- Recommend for approval all major capital and development expenditure;
- Develop an investment policy for the Company and monitor its implementation;
- Examine management reports as well as audited accounts and make recommendations to the board of directors; and
- Undertake any other relevant budgetary and financial assignment that the board may refer to from time to time.

It is made up of one executive director Mr. David Klutse and three non-executive directors Mr. Leon Appenteng (Chairman), Mr. Devine Doku and Mr. Samuel A. Appenteng.



# Corporate Governance

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### Audit and Risks Committee

The company has constituted a three-member Audit Committee comprising the under listed Non-Executive Board Members.

- |                                |   |          |
|--------------------------------|---|----------|
| • Mr. Isaac Osei               | - | Chairman |
| • Mr. Samuel A. Appenteng      | - | Member   |
| • Prof. (Mrs.) Gladys Amponsah | - | Member   |

The functions of the committee include:

- Overseeing the process relating to the IIL financial risk;
- Overseeing internal control;
- Examining management judgments and accounting estimates applied in financial reporting; and
- Conferring with both management and the external auditor about the financial statement.

### Human Resource and Staffing Committee

The specific duties of this committee are to:

- Assist in the recruitment and selection of managerial personnel of the Company;
- Examine proposals for manpower needs and staff recruitment;
- Examine proposals for conditions of service of Management and Staff and make recommendations to the Board;
- Ensure that code of conduct and ethics are clearly defined and implemented; and
- Perform any other related matters to be referred to it by the board of directors.

The human resource and staffing committee is made up of Mr. Leon Appenteng, David Klutse Professor (Mrs) Gladys Amponsah(chairperson) and Nana Owusu Banahene.

### Asset Management and Development Committee

The specific duties of this Committee are to:

- Oversee the proper management of all assets of the Company;
- Develop policies and methodology for asset management;
- Consider any proposals for expansion and make recommendations to the board of directors; and
- Undertake any other relevant assignments that the board of directors may from time to time refer to it.

The committee members are Mr. Samuel Appenteng (Chairman), and Mr. David Klutse



## **Corporate Governance**

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### **Systems of internal control**

The Company has well-established internal control systems for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that the risks facing the business are being controlled. The corporate internal assurance function of the Company plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal controls are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

### **Code of business ethics**

Management has communicated the principles in the Company's Code of Conduct to its employees in the performance of their duties. This code sets the professionalism and integrity required for business operations which covers compliance with the law, conflicts of interest, environmental issues, reliability of financial reporting, and strict adherence to the principles so as to eliminate the potential for illegal practices.

### **Directors Emolument**

The terms of Directors emolument for the 2017 financial year were set as follows:

Non-Executive Chairman	GHS	24,470
All the Non-Executive Directors	GHS	114,824
One Executive Director	GHS	20,706

## Intravenous Infusions Plc

### Corporate Governance

Name	Nationality	Age	Profession	Position	Other Directorship	Date Of Appointment
Isaac Osei	Ghanaian	66	Bsc (Econs) MA (Dev Econs)	Non-Executive Chairman	Algebra Securities Ltd. Tema Oil Refinery Algebra Capital Management Limited Ghana Petroleum Mooring Systems Limited	16 <sup>th</sup> Dec. 1988
David Klutse	Ghanaian	49	EMBA, ACCA	Managing Director	Koforidua Technical University Council	1 <sup>st</sup> January, 2017
Leon Appenteng	Ghanaian	57	LLB (Hons) M.A (Business Law)	Non-Executive Director	Panbros Salt Industries Ltd. Vacuum Salt Products Ltd. Appenteng Mensah & Co Tema Oil Refinery Ghana Petroleum Mooring Systems Limited	8 <sup>th</sup> May 1996
Samuel A. Appenteng	Ghanaian	58	BSc. (Chemical Eng) MBA Finance	Non-Executive Director	IFS Capital Management Ltd. IFS Financial Services Joissam Ghana Ltd. Methodist University College	12 <sup>th</sup> March, 2009
Devine Doku	Ghanaian	59	BA (HON) Econs And Sociology MBA - Finance	Non-Executive Director	-	20 <sup>th</sup> October, 2017
Nana Osei Owusu Banahene	Ghanaian	55	Diploma in Education (TRADITIONAL RULER)	Non – Executive Director	KAS Products Ltd. Banasu Construction Ltd.	18 <sup>th</sup> Sep. 2001
Prof. (Mrs.) Gladys Amponsah	Ghanaian	72	MB. ChB (GH) FRCA, FWACS, FGC PS	Independent Director	Centre for World Scientific Information Ltd.	2 <sup>nd</sup> July, 2014

## **Independent auditor's report**

### **To the Shareholders of Intravenous Infusions Plc**

#### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Intravenous Infusions Plc which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and statement of other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Intravenous Infusions Plc as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Companies Act, 1963 (Act 179).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent auditor's report

### To the Shareholders of Intravenous Infusions Plc

#### Report on the Audit of the Financial Statements

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of trade receivables</b>	
<p>The company carries out an impairment of its trade receivables in compliance with IAS 39 – Financial Instruments: Recognition and Measurement, which requires the amount of loss to be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan asset's original effective interest rate.</p> <p>The company reviews its receivables for impairment at the end of each reporting period. Due to the significant judgement that is applied by management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit risk.</p> <p>In addition to specific provisions against individually impaired receivables, the Company also makes a collective impairment against the remainder of the trade receivables in relation to which specific impairment losses have not been made. We focused on this area, since the determination of the amount of the collective provision is an estimation process which is based on historical loss experience and therefore involves significant judgement.</p> <p>The disclosures relating to impairment of trade receivables to customers which are included in notes to the financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved.</p>	<p>We evaluated and tested the design, implementation and operating effectiveness of the key controls over the computation of impairment loss. In performing the tests of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed.</p> <p>We performed an evaluation of management's key assumptions over specific impairment calculation, including the calculation methodology, the basis of the underlying expected cash flows.</p> <p>We tested the adequacy of the collective loan loss provision by evaluating the assumptions and loss rates used by management in the calculation of the collective impairment provision.</p> <p>We considered industry statistics, current economic, other relevant conditions and the concentration of credit.</p> <p>We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable. We considered the disclosure of impairment to be appropriate and adequate.</p>



## Independent auditor's report

### To the Shareholders of Intravenous Infusions Plc

#### Report on the Audit of the Financial Statements

##### Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

##### Responsibilities of the Directors for the Financial Statements

The company's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### Auditor's Responsibilities for the Audit of Financial Statements

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



## Independent auditor's report

### To the Shareholders of Intravenous Infusions Plc

#### Report on the Audit of the Financial Statements

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Audit Committee and Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Partners: \*D Owusu \*K Ampim-Darko \*G Ankomah

\*Partner and Chartered Accountant

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited



## Independent auditor's report-continued

To the Shareholders of Intravenous Infusions Plc

Report on the Audit of the Financial Statements

### Report on Other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

We confirm that:

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

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu (ICAG/P/1327)**

For and on behalf Deloitte & Touche (ICAG/F/2018/129)  
Chartered Accountants  
The Deloitte Place, Plot No. 71  
Off George Walker Bush Highway  
Accra Ghana

26<sup>th</sup> March,

2018



## Intravenous Infusions Plc

# Statement of profit & loss and other comprehensive income

For the year ended 31 December 2017

	Note	2017 GHS	2016 GHS
Revenue	6	16,371,794	10,596,009
Cost of operations	7	<u>(6,298,360)</u>	<u>(5,280,608)</u>
Gross profit		10,073,434	5,315,401
Other income	8	53,067	74,258
Operating and other expenses	9	<u>(5,477,730)</u>	<u>(3,416,974)</u>
Profit before depreciation, interest and tax (PBDIT)		4,648,771	1,972,685
Depreciation and amortization	12	<u>(487,352)</u>	<u>(288,237)</u>
Profit before interest and tax (PBIT)		4,161,419	1,684,448
Finance cost	10	<u>(910,191)</u>	<u>(515,796)</u>
<b>Profit before tax</b>		3,251,228	1,168,652
Income tax expense	11	<u>(520,546)</u>	<u>(498,707)</u>
<b>Profit after tax</b>		<u>2,730,682</u>	<u>669,945</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>2,730,682</u>	<u>669,945</u>
Basic and Diluted Earnings per share (GHS)		<u>0.01205</u>	<u>0.00296</u>

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



# Intravenous Infusions Plc

## Statement of financial position

As at 31 December 2017

Assets	Note	2017 GHS	2016 GHS
<b>Non-current assets</b>			
Property, plant and equipment	12	<u>6,079,569</u>	<u>4,143,770</u>
Total non-current asset		<u>6,079,569</u>	<u>4,143,770</u>
<b>Current assets</b>			
Inventory	13	<u>4,309,639</u>	2,102,234
Trade and other receivables	14	<u>9,900,616</u>	5,828,257
Cash and cash equivalent	15	<u>228,282</u>	235,088
Total current asset		<u>14,438,537</u>	<u>8,165,579</u>
<b>Total assets</b>		<u>20,518,106</u>	<u>12,309,349</u>
<b>Equity</b>			
Stated capital	16	<u>7,213,384</u>	7,213,184
Income surplus		<u>243,768</u>	(2,486,914)
Capital surplus		<u>2,468,400</u>	2,468,400
Total equity		<u>9,925,552</u>	<u>7,194,870</u>
<b>Non-Current Liability</b>			
Deferred tax liabilities	11b	<u>664,843</u>	<u>584,910</u>
Total non-Current Liability		<u>664,843</u>	<u>584,910</u>
<b>Current liabilities</b>			
Employee benefits Obligation	17	<u>1,030,281</u>	1,080,815
Borrowings	18	<u>2,972,182</u>	1,845,032
Other Borrowing	18b	<u>706,512</u>	-
Trade and other payables	19	<u>4,976,712</u>	1,591,308
Current tax	11c	<u>242,024</u>	<u>12,414</u>
Total current liabilities		<u>9,927,711</u>	<u>3,448,754</u>
Total Liability		<u>10,592,554</u>	<u>5,114,479</u>
<b>Total Liabilities and equity</b>		<u>20,518,106</u>	<u>12,309,349</u>

Director

Date:

20/03/18

Director

Date:

20/02/18

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

# Intravenous Infusions Plc

## Statement of changes in equity

As at 31 December 2017

2017

	Stated capital GHS	Income surplus GHS	capital surplus GHS	Total GHS
Balance at 1 Jan 2017	7,213,384	(2,486,914)	2,468,400	7,194,870
Total comprehensive income	-	<u>2,730,682</u>	-	<u>2,730,682</u>
At 31 December 2017	<u>7,213,384</u>	<u>243,768</u>	<u>2,468,400</u>	<u>9,925,552</u>

2016

	Stated capital GHS	Income surplus GHS	capital surplus GHS	Total GHS
Balance at 1 Jan 2016	7,213,384	(3,156,859)	2,468,400	6,524,725
cash from share issue	200	-	-	200
Profit/(Loss) for the year	-	<u>669,945</u>	-	<u>669,945</u>
At 31 December 2016	<u>7,213,284</u>	<u>(2,486,914)</u>	<u>2,468,400</u>	<u>7,194,870</u>

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

# Intravenous Infusions Plc

## Statement of cash flows

For the year ended 31 December 2017

	Notes	2017 GHS	2016 GHS
<b>Operating activities</b>			
Profit before tax		3,251,228	1,168,652
<b>Adjustments for non-cash income and expenses:</b>			
Depreciation of property, plant and equipment	12	487,352	288,237
Profit from disposal of Non-current asset		(38,774)	(11,000)
Impairment Loss on Non-current Asset		-	4,848
Net employee benefit obligation		<u>(50,534)</u>	<u>59,155</u>
<b>Cash flow included in operating activities:</b>		3,649,272	1,509,892
Changes in operating assets and liabilities			
Changes in trade and other receivables		(4,072,359)	(656,646)
Changes in trade payables		2,203,794	(3,947,437)
Changes in inventory		<u>(2,207,405)</u>	<u>(847,822)</u>
<b>Cash flow from Changes in working capital</b>		(4,075,970)	(5,451,905)
Tax paid	11	<u>(211,003)</u>	<u>(357,580)</u>
<b>Net cash used in operating activities</b>		(637,701)	(4,299,593)
<b>Cash flows from investing activities</b>			
Proceeds from sale of property plant and equipment	12	39,700	11,000
Cash paid for property plant and equipment	12	<u>(1,242,467)</u>	<u>(803,769)</u>
<b>Net cash used in investing activities</b>		<u>(1,202,768)</u>	<u>(792,769)</u>
<b>Cash flows from financing activities</b>			
Increase in borrowings	11	1,833,662	1,845,032
Cash from share issue		-	200
<b>Net cash generated from financing activities</b>		<u>1,833,662</u>	<u>1,845,232</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(6,806)	3,247,130
Cash and cash equivalents at beginning of year		<u>235,088</u>	<u>3,482,218</u>
<b>Cash and cash equivalents at end of year</b>		<u>228,282</u>	<u>235,088</u>

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



# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **1. General information**

Intravenous Infusions Plc 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. The financial statements are presented in Ghana Cedi (GHS), which is also the functional currency of the company.

## **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:

- 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.

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



## **Notes to the financial statements**

**For the year ended 31 December 2017**

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### **3. Summary of significant accounting policies (continued)**

#### **3.1. Fair value measurement (continued)**

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:

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

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 wholesaler and other third-party analyses, market research data and internally generated information. Value added tax and other sales taxes are excluded from revenue.

#### **3.3. Inventory**

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

## **Notes to the financial statements**

**For the year ended 31 December 2017**

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### **3. Summary of significant accounting policies (continued)**

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

#### **3.4. 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.

#### **Taxes**

##### **3.4.1. 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.

##### **3.4.2. Deferred tax**

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **3. Summary of significant accounting policies (continued)**

### **3.5. Foreign Currencies**

In preparing the financial statements of the company, 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 retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- Exchange differences on foreign currency borrowings 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.
- 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 recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### **3.6. Property, plant and equipment**

Property, plant and equipment (PP&E) is stated at the 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 2017**

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## **3. Summary of significant accounting policies (continued)**

### **3.5. Property, plant and equipment (continued)**

#### **Revaluation**

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve/capital surplus 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.

### **3.7. 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.

#### **3.7.1. Financial assets**

##### **3.7.1.1. 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.

##### **3.7.1.2. Subsequent measurement**

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

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



# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **3. Summary of significant accounting policies (continued)**

### **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.

### **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 rate (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**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as 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.

# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **3. Summary of significant accounting policies (continued)**

### **3.6.1. Financial assets (continued)**

#### **3.6.1.2. Subsequent measurement (continued)**

#### **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.



# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **3. Summary of significant accounting policies (continued)**

### **3.7.1. Financial assets (continued)**

#### **3.7.1.3. 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:

- The rights to receive cash flows from the asset have expired, or
- 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

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 ownership. When it has neither transferred nor retained substantially all of 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.

#### **3.7.1.4. 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.



# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **3. Summary of significant accounting policies (continued)**

### **3.7.2. Financial liabilities**

#### **3.7.2.1. 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.

#### **3.7.2.2. 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 relationships as defined by IAS 39. Separated 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 and 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 an 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.



# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **3. Summary of significant accounting policies (continued)**

### **3.7.2. Financial liabilities (continued)**

#### **3.7.2.3. 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.

#### **3.7.3. Offsetting of financial instruments**

Financial assets and financial 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 assets and settle the liabilities simultaneously.

## **3.8. 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 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 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.

The Company bases 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.



# **Notes to the financial statements**

**For the year ended 31 December 2017**

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## **3. Summary of significant accounting policies (continued)**

### **3.8. Impairment of non-financial assets (continued)**

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, 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 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.

### **3.9. Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks 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.

## **3.10. Provisions**

### **3.10.1. 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.



# Notes to the financial statements

For the year ended 31 December 2017

## 3. Summary of significant accounting policies (continued)

### *Initial application of new amendments to the existing Standards effective for current financial period*

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for current financial period:

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), issued 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. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service as a negative cost.
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** issued 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, 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) proportionate restatement of accumulated depreciation/ amortisation application in revaluation method and (v) clarification on key management personnel. The 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)"** issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (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) scope of exception for joint ventures; (ii) scope of paragraph 52 of IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments are to be applied for annual periods beginning on or after 1 July 2014).

The adoption of these amendments to the existing standards has not led to any material changes in  
The Entity's financial statements.



# Notes to the financial statements

For the year ended 31 December 2017

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***New Standards and amendments to existing standards in issue not yet adopted***

At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018).

**IFRS 9 "Financial Instruments"** issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

**Classification and Measurement** - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

**Impairment** - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

**Hedge accounting** - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

**Own credit** - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016).

**IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018).



# Notes to the financial statements

For the year ended 31 December 2017

**IFRS 15 "Revenue from Contracts with Customers"** issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

**Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

**Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception** issued by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.



# Notes to the financial statements

For the year ended 31 December 2017

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

**Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations** issued by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).

**Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative** issued by IASB on 18 December 2014. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

**Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).

**Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation** issued by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

**Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants** issued by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.



## Notes to the financial statements

For the year ended 31 December 2017

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- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).

**Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements** issued by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** issued by IASB on 25 September 2014. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 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. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information 'elsewhere in the interim financial report'. The amendments are to be applied for annual periods beginning on or after 1 January 2016.

The Entity has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. [If the Entity elected to adopt some of the standards and interpretations in advance, the information under IAS 8.28 should be disclosed.] The Entity anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Entity in the period of initial application. [If the impact is significant, it should be disclosed; alternatively, the impact (or its absence) should be added to respective standard or interpretation]

#### 4. Critical accounting judgements, estimates and assumptions.

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.

#### 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.



## **Notes to the financial statements**

**For the year ended 31 December 2017**

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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.

### **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.

Judgement include considerations of inputs such as liquidity risk, credit risk and volatility. 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 3.5 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 technology.



## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2017

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### 5. Revenue

	2017 GHS	2016 GHS
Local sales	<u>16,371,794</u>	<u>10,596,009</u>
	<u>16,371,794</u>	<u>10,596,009</u>

### 6. Cost of operations

	2017 GHS	2016 GHS
Stock of Raw Materials at 1/01/17	1,509,445	750,206
Stock of Non-trade stock at 1/01/17	337,677	219,917
Purchases of Raw Materials & Non-trade stock	5,608,114	3,509,825
Stock of Raw Materials at 31/12/17	(2,975,400)	(1,509,445)
Stock of Non-trade stock at 31/12/17	(553,761)	(337,677)
Direct labour	1,254,936	1,114,101
Factory overheads	1,642,716	1,504,504
Stock of Finished Goods at 1/01/17	255,111	284,288
Stock of Finished Goods at 31/12/17	(780,478)	(255,111)
	<u>6,298,360</u>	<u>5,280,608</u>

### 7. Other income

	2017 GHS	2016 GHS
Profit from disposal of motor vehicle	38,774	11,000
Others	<u>14,293</u>	<u>63,258</u>
	<u>53,067</u>	<u>74,258</u>

# Intravenous Infusions Plc

## Notes to the financial statements

For the year ended 31 December 2017

### 8. General and administrative expenses

	2017 GHS	2016 GHS
Directors' emoluments	218,023	164,171
Salaries and wages	1,435,077	852,351
Bank interest and charges	56,554	55,743
Postage and telephones	54,886	38,369
Cleaning expenses	4,827	7,020
Rents & Rates	105,198	71,251
Secretarial services	45,035	30,290
Donations and subscriptions	80,854	15,762
Carriage outwards	300,278	188,657
Entertainment	12,288	13,648
External audit fees	58,750	40,000
Printing and stationery	50,532	23,126
Licenses and registration	264,701	47,965
Insurance	35,469	27,623
Travelling and transport	379,305	223,892
Motor vehicle expenses	335,372	354,511
Commissions and promotion	964,325	634,021
Internal audit fees	47,000	47,000
Repairs and maintenance	121,064	78,918
Medical expenses	8,170	17,720
Staff welfare expenses	200,130	12,015
Professional/Legal/Consultancy services	490,004	71,221
Provision for doubtful debts	29,396	103,156
Other staff cost (training)	12,370	4,230
Security Expenses	115,971	75,421
Defined benefit obligation	-	107,383
Electricity & water (bungalows)	9,718	14,867
Exchange loss	26,512	70,625
Impairment Loss on PPE	-	4,848
Sundry expenses	15,921	21,170
	<u>5,477,730</u>	<u>3,416,974</u>



# Intravenous Infusions Plc

## Notes to the financial statements

For the year ended 31 December 2017

### 9. Finance Cost

	2017 GHS	2016 GHS
Loan interest payable	86,317	1,059
Bank overdraft interest	<u>823,874</u>	<u>514,737</u>
	<u>910,191</u>	<u>515,796</u>

### 11. Taxation

#### a. Income tax Expense

	Note	2017 GHS	2016 GHS
Income tax	11c	440,613	530,486
Deferred tax expense	11b	<u>79,933</u>	<u>(31,779)</u>
		<u>520,546</u>	<u>498,707</u>

Income tax is calculated at the rate of 18.75% of the Assessable income for the year of assessment 2017.

#### b. Deferred Tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 18.75%. The movement on the deferred income tax account is as follows:

	2017 GHS	2016 GHS
At start of year	584,910	616,689
Income statement charge	<u>79,933</u>	<u>(31,779)</u>
At end of year	<u>664,843</u>	<u>584,910</u>

# Intravenous Infusions Plc

## Notes to the financial statements

For the year ended 31 December 2017

### c. Corporate tax

#### Corporate Tax

	At 1/1/17 GHS	Profit/Loss account GHS	Paid during the year GHS	At 31/12/17 GHS
Up to 2011	(42,635)	-	-	(42,635)
2012	48,075	-	-	48,075
2013	(50,328)	-	-	(50,328)
2014	69,021	-	-	69,021
2015	(55,195)	-	(3,616)	(58,811)
2016	43,476	-	(60,243)	(16,768)
2017	-	440,613	(147,144)	293,469
	<u>12,414</u>	<u>440,613</u>	<u>(211,003)</u>	<u>242,024</u>

### d. Reconciliation of effective tax rate

Analysis of tax charge in the year :

The charge for taxation based upon the profit for the year comprises:

	2017 GHS	2016 GHS
The differences are explained below:		
Profit before tax	<u>3,251,228</u>	<u>1,168,652</u>
Tax at 18.75% (2017: 18.75%)	609,605	219,122
Non-deductible expenses	624,114	541,783
Capital allowances	(910,289)	(302,949)
Deferred tax	79,933	(31,779)
Other deductions	<u>37,250</u>	<u>(192,177)</u>
Current tax charge	<u>440,613</u>	<u>234,000</u>
Effective tax rates	19.85%	-



## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2017

### 12. Property plant and equipment

Cost	Leasehold land & building	Plant, machinery & equipment	Motor vehicle	Furniture & fittings	Spare parts	Product Development	Total
	GHS	GHS	GHS	GHS	GHS	GHS	GHS
1/1/2017	2,155,307	2,921,759	539,564	537,424	168,225	-	6,322,280
Additions	39,572	477,447	12,000	41,456	-	-	570,475
Additions-WIP	253,316	1,595,988	-	-	-	4,298	1,853,602
Disposals/impairment	-	(4,763)	(122,392)	-	-	-	(127,155)
Transfers	(138,040)	(287,804)	(28,257)	(24,242)	-	-	(478,346)
31/12/17	<u>2,310,155</u>	<u>4,702,627</u>	<u>400,915</u>	<u>554,638</u>	<u>168,225</u>	<u>4,298</u>	<u>8,140,856</u>
Depreciation							
1/1/2017	440,468	1,043,190	450,444	193,940	50,468	-	2,178,510
Charge for the year	42,425	300,751	24,000	103,353	16,823	-	487,352
Transfers	(138,040)	(287,804)	(28,257)	(24,242)	-	-	(478,346)
Disposals	-	(3,837)	(122,392)	-	-	-	(126,229)
31/12/17	<u>344,853</u>	<u>1,052,300</u>	<u>323,795</u>	<u>273,051</u>	<u>67,291</u>	<u>-</u>	<u>2,061,287</u>
Net Book Value as at 31 December 2017	<u>1,965,302</u>	<u>3,650,327</u>	<u>77,120</u>	<u>281,587</u>	<u>100,934</u>	<u>4,298</u>	<u>6,079,569</u>

## Intravenous Infusions Plc

### Notes to the financial statements

For the year ended 31 December 2017

Cost	Leasehold land & building GHS	Plant, machinery & equipment GHS	Motor vehicle GHS	Furniture & fittings GHS	Spare parts GHS	Work in progress GHS	Total GHS
1/1/2016	1,751,421	1,288,062	444,259	181,371	168,225	1,704,716	5,538,054
Additions	-	282,457	110,000	251,560	-	159,751	803,769
Disposals/impairment	-	-	(14,695)	-	-	(4,848)	(19,543)
Transfers	403,886	1,351,240	-	104,493	-	(1,859,619)	-
31/12/16	<u>2,155,307</u>	<u>2,921,759</u>	<u>539,564</u>	<u>537,424</u>	<u>168,225</u>	<u>-</u>	<u>6,322,280</u>
Depreciation							
1/1/2016	411,099	878,505	443,139	138,579	33,645	-	1,904,967
Charge for the year	29,369	164,685	22,000	55,361	16,823	-	288,237
Disposals	-	-	(14,695)	-	-	-	(14,695)
31/12/16	<u>440,468</u>	<u>1,043,190</u>	<u>450,444</u>	<u>193,940</u>	<u>50,468</u>	<u>-</u>	<u>2,178,510</u>
Net Book Value as at 31 December 2016	<u>1,714,839</u>	<u>1,878,569</u>	<u>89,120</u>	<u>343,484</u>	<u>117,757</u>	<u>-</u>	<u>4,143,770</u>

#### 12.1 Assets pledged as Security

Leasehold land and building has been pledged for the overdraft borrowing from National Investment Bank.



# Intravenous Infusions Plc

## Notes to the financial statements

For the year ended 31 December 2017

### 13. Inventory

	2017 GHS	2016 GHS
Stock of Raw Materials	2,385,888	1,509,446
Stock of Raw Materials in Transit	589,512	-
Stock of Non-trade stock	553,761	337,677
Stock of Finished Goods	780,478	255,111
	<u>4,309,639</u>	<u>2,102,234</u>

### 14. Trade and other receivables

	2017 GHS	2016 GHS
Trade receivables	8,764,831	5,139,681
Allowance for bad debt	(132,552)	(103,156)
Other receivables	1,188,809	747,081
Prepayments	79,528	44,651
	<u>9,900,616</u>	<u>5,828,257</u>

The average credit period on sales of goods is 180 days. Allowances for doubtful debts are recognised against trade receivables after 365 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. A general provision of 0.25% of the total outstanding receivables are provided.

Trade receivables disclosed 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.

	2017 GHS	2016 GHS
< 30 days	1,857,366	1,128,736
30 to 60 days	1,563,361	697,754
60 to 90 days	1,460,884	719,973
90 to 180 days	1,950,865	1,314,332
180 to 360 days	1,472,410	930,403
> 360 days	459,945	348,484
	<u>8,764,831</u>	<u>5,139,681</u>

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2017

### 15. Cash and cash equivalent

	2017 GHS	2016 GHS
Cash account	508	415
Bank account	<u>227,774</u>	<u>234,673</u>
	<u>228,282</u>	<u>235,088</u>

Cash and bank are non-interest bearing.

### 16. Stated capital

The authorized share capital is 10 billion.

	2017 No. of Shares	Amount GHS	2016 No. of Shares	Amount GHS
Issued for cash and fully paid	200,420,877	6,173,301	200,420,877	6,173,101
Preference Shares converted to equity	20,324,119	540,000	20,324,119	540,000
Transfer from surplus	-	20,000	-	20,000
Conversion of Debt to Equity	5,876,250	470,100	5,876,250	470,100
Loan converted into equity	-	9,983	-	9,983
	<u>226,621,246</u>	<u>7,213,384</u>	<u>226,621,246</u>	<u>7,213,384</u>

### 17. Employment benefit obligation

The movement in the net defined benefit liability is as follows:

Employee Obligation	2017 GHS	2016 GHS
At start of year	1,080,815	1,021,660
Service cost	25,001	107,383
Adjustment to payables	36,682	-
Payment by Employer	<u>(38,853)</u>	<u>(48,228)</u>
At end of year	<u>1,030,281</u>	<u>1,080,815</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 the used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. In 2016, management elected to replace the defined benefit scheme with a provident fund scheme (Defined benefit contribution). In 2016, employee obligation was determined based on the collective bargaining agreement effective from 2003, under this agreement a permanent staff is entitled to six (6) weeks annual salary for each year of employment.

In 2017, the employee benefit obligation scheme has been cancelled and replaced by employer and employee contribution scheme (Provident fund) effective 1<sup>st</sup> January 2017.



# **Notes to the financial statements**

**For the year ended 31 December 2017**

## **18. Bank borrowing**

	<b>2017</b>	<b>2016</b>
	<b>GHS</b>	<b>GHS</b>
NIB overdraft	<b>2,539,796</b>	1,845,032
Unibank term loan	<b><u>432,386</u></b>	<u>1,845,032</u>
	<b><u>2,972,182</u></b>	<u>1,845,032</u>

This amount represents an overdraft with National Investment Bank (NIB) at a rate of 36% per annum. The Unibank term loan has an interest rate of 30% and a tenure of nine (9) months effective 1<sup>st</sup> June 2017.

## **18b. Other borrowings**

	<b>2017</b>	<b>2016</b>
	<b>GHS</b>	<b>GHS</b>
Directors short-term loan	<b>44,157</b>	-
Directors convertible loan	<b>441,570</b>	-
JB Asafo Boakye bridged loan	<b><u>220,785</u></b>	-
	<b><u>716,512</u></b>	-

The Directors term loan was advanced to the company by the Chairman of the Board for the urgent procurement of raw materials. The principal sum was denominated in United States dollars at a zero interest rate.

The Directors loan was advanced to the company by the Chairman of the Board for part payment for the urgent procurement of plant and machinery. The facility which is denominated in United States dollars at an interest rate of 5% per annum has a tenor of six months.

The JB Asafo Boakye loan is a short term facility that has interest rate of 24% per annum and a repayment duration of three months.

## **19. Trade and other payables**

	<b>2017</b>	<b>2016</b>
	<b>GHS</b>	<b>GHS</b>
Trade payables	<b>1,594,931</b>	653,255
Other payables(including Taxes payable)	<b>1,974,476</b>	766,831
Directors' current account	<b>14,349</b>	30,197
Payables for Acquisition of Property Plant and Equipment	<b>1,181,610</b>	-
Accrued charges	<b><u>211,346</u></b>	<u>141,025</u>
	<b><u>4,976,712</u></b>	<u>1,591,308</u>

# **Notes to the financial statements**

## **For the year ended 31 December 2017**

The average credit period on purchases of goods is 2 months. No interest is charged on the trade payables beyond the credit period. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### **20. Financial risk management objective and policy**

#### **Introduction and overview**

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

- market risk
- credit risk
- liquidity risk
- operational risk.

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

#### **Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Risk Management Committee of the Board assists the Board in carrying out this responsibility. To enable it achieve its purpose, the Committee:

- Reviews and monitors aggregate risk levels in the business and the quality of risk mitigation and controls for all areas of risk to the business
- Makes recommendations to management on areas of improvement
- Informs the Board of progress in implementing improvements.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee of the Board is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in these functions by Internal Audit and Internal Control. Internal Audit and Internal Control undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

All Board committees are made up of non-executive members, with executives in attendance. The committees report regularly to the Board of Directors on their activities.



## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2017

### 20.1 Market risk

#### 20.1.1 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 were foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

The table below summarises the company's exposure to foreign currency exchange rate risk at 31 December 2017. Included in the table are the company's financial instruments, categorised by currency:

2007					TOTAL
ASSETS	USD	EURO	CFA	GHS	GHS
<b>NON CURRENT ASSETS</b>					
Property, Plant and Equipment	-	-	-	6,079,569	6,079,569
<b>CURRENT ASSETS</b>					
Inventory	-	-	-	4,309,639	4,309,639
Trade and Other Receivables	78,603	-	9,062,390	9,480,123	9,900,616
Cash & Bank	<u>2,636</u>	<u>-</u>	<u>1,698,772</u>	<u>25,398</u>	<u>228,282</u>
<b>Total Assets</b>	<b><u>81,238.50</u></b>	<b><u>-</u></b>	<b><u>10,761,162</u></b>	<b><u>19,894,729</u></b>	<b><u>20,518,106</u></b>
<b>CURRENT LIABILITIES</b>	<b>USD</b>	<b>EURO</b>	<b>CFA</b>	<b>GHS</b>	<b>GHS</b>
Trade and Other Payables	526,615	12,304	-	2,586,171	4,976,712
Current tax	-	-	-	242,024	242,024
Employee Benefit Obligation	-	-	-	1,030,281	1,030,281
Borrowings	-	-	-	2,972,182	2,972,182
Other Borrowings	160,000	-	-	-	706,512
Deferred Taxation	-	-	-	<u>664,843</u>	<u>664,843</u>
<b>Total Liabilities</b>	<b><u>686,615</u></b>	<b><u>12,304</u></b>	<b><u>-</u></b>	<b><u>7,495,501</u></b>	<b><u>10,592,554</u></b>
<b>TOTAL NET ASSETS</b>	<b><u>(605,377)</u></b>	<b><u>(12,304)</u></b>	<b><u>10,761,162</u></b>	<b><u>12,399,228</u></b>	<b><u>9,925,552</u></b>

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2017

2006					
ASSETS	USD	EURO	CFA	GHS	TOTAL GHS
<b>NON CURRENT ASSETS</b>					
Property, Plant and Equipment	-	-	-	4,143,770	4,143,770
<b>CURRENT ASSETS</b>					
Inventory	-	-	-	2,102,234	2,102,234
Trade and Other Receivables	93,745	-	9,062,390	5,372,885	5,828,257
Cash & Bank	<u>2,636</u>	<u>-</u>	<u>1,696,500</u>	<u>212,484</u>	<u>235,088</u>
<b>Total Assets</b>	<b><u>96,381</u></b>	<b><u>-</u></b>	<b><u>10,758,890</u></b>	<b><u>11,831,373</u></b>	<b><u>12,309,349</u></b>
<b>CURRENT LIABILITIES</b>	<b>USD</b>	<b>EURO</b>	<b>CFA</b>	<b>GHS</b>	<b>TOTAL GHS</b>
Trade and Other Payables	67,565	-	-	1,307,522	1,591,308
Current tax	-	-	-	12,414	12,414
Employee Benefit Obligation	-	-	-	1,080,815	1,080,815
Borrowings	-	-	-	1,845,032	1,845,032
Deferred Taxation	-	-	-	584,910	584,910
<b>Total Liabilities</b>	<b><u>67,565</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,830,693</u></b>	<b><u>5,114,479</u></b>
<b>TOTAL NET ASSETS</b>	<b><u>28,816</u></b>	<b><u>-</u></b>	<b><u>10,758,890</u></b>	<b><u>7,000,680</u></b>	<b><u>7,194,870</u></b>

### 20.3 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:

- Trade receivables arising out of credit sales;

Other areas where credit risk arises include cash and cash equivalents, and deposits with banks and other receivables.



# Intravenous Infusions Plc

## Notes to the financial statements

For the year ended 31 December 2017

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.

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

	2017 GHS	2016 GHS
Trade and other receivables excluding prepayments	9,832,256	5,783,695
Cash and bank balances	<u>228,282</u>	<u>235,088</u>
	<u>10,060,538</u>	<u>6,018,783</u>

### 20. Financial risk management objective and policy

#### 20.3 Credit risk (continued)

No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

	Current GHS	Past due not Impaired GHS	Total GHS
Trade receivables	6,820,510	1,944,321	8,764,831
Other receivables	<u>1,188,809</u>	<u>-</u>	<u>1,188,809</u>
	<u>8,009,319</u>	<u>1,944,321</u>	<u>9,953,640</u>

#### 20.4 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.

The Company has an average credit days of 90 days.

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2017

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### 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.

Less than one year	2017 GHS	2016 GHS
Trade and other payable	<u>4,976,712</u>	<u>1,591,308</u>

### 20.5 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions requirements for the reconciliation and monitoring of transactions. compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit, Internal Control, Risk and Compliance Departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Senior Management Committee, Audit Committee, Risk Management Committee and the Board.



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**For the year ended 31 December 2017**

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## **20.5 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.

## **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.

## **21. Contingencies and commitments**

### **21.1 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.

### **21.2 Capital commitments**

The company has no capital commitments at the reporting date.

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2017**

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### **22. 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, National Investment Bank a shareholder and with representation in the Board is the main banker for the company banking transactions during the year. The bank has advanced overdraft facility to the company which has a fair value of GHS2,539,796 at the end of the period.

The Chairman of the Board Isaac Osei who is also shareholder has advanced two separate loans to the company to meet certain critical payments totalling GHS485,727.

Apart from the above disclosures there were no further 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.

### **23. Event after the reporting period**

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