



## **Intravenous Infusions Plc**

### **Report and Financial Statements 31 December 2018**

## **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	Non- Executive Director
	Samuel A. Appenteng	Non- Executive Director
	Nana Owusu Banahene	Non- Executive Director
	Devine Doku	Non- Executive Director
	Prof. Mrs Gladys Amponsah	Independent Director

Secretary	Dehands Services Limited
Registered office:	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
	Consolidated Bank Ghana Limited
	GCB Bank Limited
	Zenith Bank Limited

# Intravenous Infusions Plc

## Report of the directors

The directors present their report and the accounts for the year ended 31 December 2018.

### 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 Factory Inspectorate Division. Renewals for those certificates have been obtained for 2018 financial year. The wholesaling and distribution are regulated by Pharmacy Council under Act 857 and the certificate has been renewed for 2018 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 10 to 53.

	<b>2018 GHS</b>	<b>2017 GHS</b>
The surplus/deficit brought forward on income surplus account at 1 January	<b>243,768</b>	(2,486,914)
IFRS 9 transition adjustment	<b>3,884</b>	-
	<b>247,652</b>	(2,486,914)
To which must be added profit (loss) for the year after charging all expenses including depreciation of	<b>2,842,612</b>	2,730,682
Leaving a surplus to be carried forward on income surplus account at 31 December of	<b>3,090,264</b>	243,768

### 4. Dividend

The Directors recommend the payment of dividend per ordinary shares of GHS 0.00384 for the year ended 31st December 2018 amounting to GHS 994,914.20 (2017 Nil).

## **Intravenous Infusions Plc**

# **Report of the directors**

### **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 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 21 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 2018. 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: 8/05/2019

.....  
Director:

Date: 8/05/2019

## **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.

## **Intravenous Infusions Plc**

# **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.

## **Intravenous Infusions Plc**

# **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



## **Intravenous Infusions Plc**

# **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 2018 financial year were set as follows:

Non-Executive Chairman	GHS	30,500
All the Non-Executive Directors	GHS	128,125
One Executive Director	GHS	25,625

## Corporate Governance

Name	Nationality	Age	Profession	Position	Other Directorship	Date Of Appointment
Isaac Osei	Ghanaian	67	Bsc (Econs) MA (Dev Econs)	Non-Executive Chairman	Algebra Securities Ltd. Tema Oil Refinery Algebra Capital Management Limited Ghana Petroleum Mooring Systems Limited Koforidua Technical University Council	16 <sup>th</sup> Dec. 1988
David Klutse	Ghanaian	51	EMBA, ACCA	Managing Director		1 <sup>st</sup> January, 2017
Leon Appenteng	Ghanaian	59	LLB (Hons) M.A (Business Law)	Non-Executive Director	LKA Properties Ltd. AI Acquisitions Ltd. Appenteng Mensah & Co Tema Oil Refinery AIC Limited	18 <sup>th</sup> December 1995
Samuel A. Appenteng	Ghanaian	59	BSc. (Chemical Eng) MBA Finance	Non-Executive Director	IFS Capital Management Ltd. IFS Financial Services AGI Development Fund Eastern Premier Hotel Ghana Alternative Exchange Twifo Oil Palm Plantation First Ghana Savings and Loans Company	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	56	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	73	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 2018, the statements of profit or loss and statement of other comprehensive income, statement of changes in equity, statement of cash flows 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 2018 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>As described in note 13b to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments.</p> <p>This was considered a key audit matter as IFRS 9 is a new and complex accounting standard, which requires significant judgment to determine impairment at year-end.</p> <p>The interpretation of the requirements to determine impairment under application of IFRS 9, reflected in the Bank's expected credit loss model.</p> <p>The identification of exposures with a significant deterioration in credit quality.</p> <p>Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. unemployment rates, interest rates, gross domestic product growth, property prices).</p> <p>The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.</p>	<p>In assessing impairment reserve, we performed the following procedures:</p> <p>We gained understanding of the Company's key credit processes comprising granting, booking, monitoring and provisioning.</p> <p>We read the Company's IFRS 9 based impairment provisioning policy and compared it with the requirements of IFRS 9;</p> <p>We assessed the modeling techniques and methodology against the requirements of IFRS 9.</p> <p>We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models used by the Company to determine impairment provisions. We examined a sample of exposures and performed procedures to evaluate the:</p> <ul style="list-style-type: none"> <li>• Data used to determine the impairment reserve, including transactional data captured at loan origination, ongoing internal credit quality assessments and interfaces to the expected credit loss model;</li> <li>• Expected credit loss model, including the models developed and approval, ongoing monitoring/validation, model governance and mathematical accuracy;</li> <li>• Checked the appropriateness of the Company's staging;</li> <li>• Basis for and data used to determine overlays;</li> <li>• Checked the calculation of the Loss rate used by the Company in the ECL calculations, and the resultant arithmetical calculations;</li> <li>• Forward looking assumptions used by the Company's management in its ECL calculations, through discussions with management and corroborated the assumptions using publicly available information;</li> </ul> <p>We also performed procedures to ensure the competence, objectivity and independence of the Company's consultant.</p> <p>We involved our credit specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model).</p> <p>We checked the appropriateness of the opening balance adjustments and assessed the accuracy of the disclosures in the financial statements.</p> <p>We found that the assumptions used by management were comparable with historical performance and have been assessed as reasonable.</p>

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## 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.

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## Independent auditor's report-continued

### To the Shareholders of Intravenous Infusions Plc

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

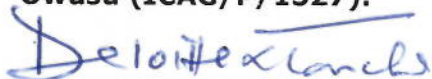
#### Report on Other Legal and Regulatory Requirements

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/2019/129)**

**Chartered Accountants**

**The Deloitte Place, Plot No. 71**

**Off George Walker Bush Highway**

**Accra Ghana**



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## Intravenous Infusions Plc

# Statement of profit & loss and other comprehensive income

For the year ended 31 December 2018

	Note	2018 GHS	2017 GHS
Revenue	5	20,206,689	16,371,794
Cost of operations	6	(8,299,773)	(6,298,360)
<b>Gross profit</b>		<b>11,906,916</b>	<b>10,073,434</b>
Other income	7	12,038	53,067
Operating and other expenses	8	(7,324,349)	(5,477,730)
<b>Profit before depreciation, interest and tax (PBDIT)</b>		<b>4,594,605</b>	<b>4,648,771</b>
Depreciation and amortization	11	(574,359)	(487,352)
<b>Profit before interest and tax (PBIT)</b>		<b>4,020,246</b>	<b>4,161,419</b>
Finance cost	9	(484,400)	(910,191)
<b>Profit before tax</b>		<b>3,535,846</b>	<b>3,251,228</b>
Income tax expense	10	(693,234)	(520,546)
<b>Profit after tax</b>		<b>2,842,612</b>	<b>2,730,682</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>2,842,612</b>	<b>2,730,682</b>

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



# Intravenous Infusions Plc

## Statement of financial position

As at 31 December 2018

		2018	2017
Assets	Note	GHS	GHS
<b>Non-current assets</b>			
Property, plant and equipment	11	7,812,086	6,079,569
<b>Total non-current asset</b>		<b>7,812,086</b>	6,079,569
<b>Current assets</b>			
Inventory	12	4,462,162	4,309,639
Trade and other receivables	13	12,436,678	9,900,616
Cash and cash equivalent	14	1,839,610	228,282
<b>Total current asset</b>		<b>18,738,450</b>	14,438,537
<b>Total assets</b>		<b>26,550,536</b>	20,518,106
<b>Equity</b>			
Stated capital	15	7,213,384	7,213,184
Deposit for Shares	21	1,701,000	-
Income surplus		3,090,264	243,768
Capital surplus		2,468,400	2,468,400
<b>Total equity</b>		<b>14,473,048</b>	9,925,552
<b>Non-Current Liability</b>			
Deferred tax liabilities	10b	757,425	664,843
<b>Total Non-Current Liability</b>		<b>757,425</b>	664,843
<b>Current liabilities</b>			
Employee benefits Obligation	16	534,719	1,030,281
Borrowings	17	2,418,144	2,972,182
Other Borrowing	17b	1,595,113	706,512
Trade and other payables	18	6,418,683	4,976,712
Current tax	10c	353,404	242,024
<b>Total current liabilities</b>		<b>11,320,063</b>	9,927,711
<b>Total Liability</b>		<b>12,077,488</b>	10,592,554
<b>Total Liabilities and equity</b>		<b>26,550,536</b>	20,518,106

.....

Director

Date: 8/05/2019

.....

Director

Date: 8/05/2019

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

# Statement of changes in equity

For the year ended 31 December 2018

2018	Stated capital GHS	Deposit for shares GHS	Income surplus GHS	Capital surplus GHS	Total GHS
Balance at 1 Jan 2018	7,213,384	-	243,768	2,468,400	9,925,552
IFRS 9 transition adjustment	-	-	3,884	-	3,884
IFRS 9 restated balances	7,213,384	-	247,652	2,468,400	9,929,436
Cash deposit for shares	-	1,701,000	-	-	1,701,000
Total comprehensive income	-	-	2,842,612	-	2,842,612
At 31 December 2018	7,213,384	1,701,000	3,090,264	2,468,400	14,473,048

2017	Stated capital GHS	Deposit for shares 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
cash from share issue	-	-	-	-	-
Profit/(Loss) for the year	-	-	2,730,682	-	2,730,682
At 31 December 2017	7,213,284	-	243,768	2,468,400	9,925,552

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

## Intravenous Infusions Plc

### Statement of cash flows

For the year ended 31 December 2018

	Notes	2018 GHS	2017 GHS
<b>Operating activities</b>			
Profit from operations before tax		3,535,846	3,251,228
<b>Adjustments for non-cash income and expenses:</b>			
Depreciation of property, plant and equipment	11	574,359	487,352
Profit from disposal of Non-current asset		-	(38,774)
Impairment Loss on Non-current Asset	8	10,220	-
IFRS 9 transition adjustment		3,884	-
<b>Cash flow included in operating activities:</b>		<b>4,124,309</b>	<b>3,699,806</b>
Changes in operating assets and liabilities			
Changes in trade and other receivables	13	(2,536,062)	(4,072,359)
Changes in trade payables	8	938,781	2,203,794
Changes in inventory	12	(152,523)	(2,207,405)
Changes in Employee Benefits Obligation		(495,561)	(50,534)
<b>Cash flow from Changes in working capital</b>		<b>1,878,944</b>	<b>(4,075,970)</b>
Tax paid	10	(489,272)	(211,003)
<b>Net cash used in operating activities</b>		<b>1,389,672</b>	<b>(637,701)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property plant and equipment	11	-	39,700
Cash paid for property plant and equipment		(1,813,907)	(1,242,467)
<b>Net cash used in investing activities</b>		<b>(1,813,907)</b>	<b>(1,202,768)</b>
<b>Cash flows from financing activities</b>			
Increase in borrowings	17	334,563	1,833,662
Cash deposit for share	14	1,701,000	-
<b>Net cash generated from financing activities</b>		<b>2,035,563</b>	<b>1,833,662</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>1,611,328</b>	<b>(6,806)</b>
Cash and cash equivalents at beginning of year	14	228,282	235,088
<b>Cash and cash equivalents at end of year</b>		<b>1,839,610</b>	<b>228,282</b>

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

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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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 2018**

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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 2018**

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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.

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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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 2018**

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

### **3.6. 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 assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



# **Notes to the financial statements**

**For the year ended 31 December 2018**

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

### **(i) Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

### **(ii) Debt instruments classified as at FVTOCI**

Corporate debts are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate debt as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost.

All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate debts are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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

#### **iii) Equity instruments designated as at FVTOCI**

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments. Instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### **(iv) Financial assets at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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

### **Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### **(i) Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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

#### **(i) Significant increase in credit risk (continued)**

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

#### **(ii) Definition of default**

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company). Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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

#### **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.

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.

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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

#### **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.

#### ***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;

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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- (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.

### **Impact of initial application of IFRS 9 *Financial Instruments***

In the current year, the Company has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives, but to recognize the transitional adjustment in the statement of changes in equity.

Additionally, the Company adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's consolidated financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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### **(a) Classification and measurement of financial assets**

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:



## **Notes to the financial statements**

**For the year ended 31 December 2018**

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- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

### **(b) Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The reconciliation between the ending provision for impairment in accordance with IAS 39 and the provision in accordance with IAS 37 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments on 1 January 2018 is disclosed in their respective notes.

### **(c) Classification and measurement of financial liabilities**

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

Accordingly, this aspect of the application of IFRS 9 that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

### i. Mandatory reclassifications

The combined application of the business model and SPPI tests on adoption of IFRS 9 resulted in the reclassification of the following financial assets. Classification of all financial liabilities remain the same under IFRS 9.

	Measurement category	Carrying amount	Previous measurement category	Carrying amount
As at	1 January 2018		31 December 2017	
<b>Financial assets</b>				
Trade receivables	<b>Amortised cost</b>	9,900,616	<b>Loans and receivables</b>	9,900,616
Bank and cash balances	<b>Amortised cost</b>	228,282	<b>Amortised cost</b>	228,282

### (d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Company has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Company's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements.

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

The Company has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

### (e) Disclosures in relation to the initial application of IFRS 9

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Trade receivables	Cash and cash equivalents	Total allowance for credit losses
IAS 39 as at 31 December 2017			
Specific impairment	-	-	-
Portfolio impairment	132,552	-	132,552
Total	132,552	-	132,552
Transition adjustments (Stage 2)	(3,884)	-	(3,884)
IFRS 9 as at 1 January 2018	128,668	-	128,668
Stage 1	-	-	-
Stage 2	26,642	-	26,642
Stage 3	-	-	-
Total	155,310	-	155,310

### (f) Impact of initial application of IFRS 9 on financial performance

The application of IFRS 9 has had no impact on the cash flows of the Company.

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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## **Impact of application of IFRS 15 Revenue from Contracts with Customers**

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

Details of the new requirements as well as their impact on the Company's consolidated financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in IFRS 15 to describe such balances.

The Company's accounting policies for its revenue streams are disclosed in detail in note 3 below. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company. There were no transitional adjustments passed as the Company's recognition criteria was in line with IFRS 15.

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

### ***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 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.

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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- **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.

- **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.

## **Notes to the financial statements**

**For the year ended 31 December 2018**

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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.

- **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;

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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(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.

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.

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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### **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 2018

### 5. Revenue

	2018 GHS	2017 GHS
Local sales	20,206,689	16,371,794
	<b>20,206,689</b>	<b>16,371,794</b>

### 6. Cost of operations

	2018 GHS	2017 GHS
Stock of Raw Materials at 1/01/18	2,975,400	1,509,445
Stock of Non-trade stock at 1/01/18	553,761	337,677
Purchases of Raw Materials & Non-trade stock	5,234,628	5,608,114
Stock of Raw Materials at 31/12/18	(2,385,358)	(2,975,400)
Stock of Non-trade stock at 31/12/18	(675,643)	(553,761)
Direct labour	1,543,492	1,254,936
Factory overheads	1,674,176	1,504,504
Stock of Finished Goods at 1/01/18	780,478	255,111
Stock of Finished Goods at 31/12/18	(1,401,161)	(780,478)
	<b>8,299,773</b>	<b>6,298,360</b>

### 7. Other income

	2018 GHS	2017 GHS
Profit from disposal of motor vehicle	-	38,774
Others	12,038	14,293
	<b>12,038</b>	<b>53,067</b>

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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### **8. General and administrative expenses**

	<b>2018</b>	<b>2017</b>
	<b>GHS</b>	<b>GHS</b>
Directors' emoluments	<b>390,586</b>	218,023
Salaries and wages	<b>1,627,616</b>	1,435,077
Bank interest and charges	<b>58,534</b>	56,554
Postage and telephones	<b>110,538</b>	54,886
Cleaning expenses	<b>10,220</b>	4,827
Rents & Rates	<b>106,654</b>	105,198
Secretarial services	<b>50,230</b>	45,035
Donations and subscriptions	<b>25,507</b>	80,854
Carriage outwards	<b>463,456</b>	300,278
Entertainment	<b>15,147</b>	12,288
External audit fees	<b>70,875</b>	58,750
Corporate advisory and Registrars fees	<b>65,875</b>	-
Printing and stationery	<b>94,859</b>	50,532
Licenses and registration	<b>169,816</b>	264,701
Insurance	<b>40,285</b>	35,469
Travelling and transport	<b>471,953</b>	379,305
Motor vehicle expenses	<b>439,150</b>	335,372
Commissions and promotion	<b>1,352,795</b>	964,325
Internal audit fees	<b>-</b>	47,000
Repairs and maintenance	<b>95,071</b>	121,064
Medical expenses	<b>65,063</b>	8,170
Staff welfare expenses	<b>372,354</b>	200,130
Professional/Legal/Consultancy services	<b>635,094</b>	490,004
Provision for doubtful debts	<b>26,642</b>	29,396
Other staff cost (training)	<b>82,565</b>	12,370
Security Expenses	<b>134,472</b>	115,971
Medical education and exhibition	<b>78,970</b>	-
Electricity & water (bungalows)	<b>36,215</b>	9,718
Exchange loss	<b>217,596</b>	26,512
Impairment Loss on PPE	<b>10,220</b>	-
Sundry expenses	<b>5,991</b>	15,921
	<b>7,324,349</b>	5,477,730

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

### 9. Finance Cost

	2018 GHS	2017 GHS
Loan interest payable	144,833	86,317
Bank overdraft/Loan interest	339,567	823,874
	<b>484,400</b>	<b>910,191</b>

### 10. Taxation

#### a. Income tax Expense

	Note	2018 GHS	2017 GHS
Income tax	11c	585,916	440,613
Deferred tax expense	11b	92,582	79,933
		<b>678,498</b>	<b>520,546</b>

Income tax is calculated at the rate of 18.75% of the Assessable Income for the year of assessment 2018.

#### 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:

	2018 GHS	2017 GHS
At start of year	664,843	584,910
Income statement charge	92,582	79,933
At end of year	<b>757,425</b>	<b>664,843</b>

# Intravenous Infusions Plc

## Notes to the financial statements

For the year ended 31 December 2018

### c. Corporate tax

#### Corporate Tax

	At 1/1/18 GHS	Profit/Loss account GHS	Paid during the year GHS	At 31/12/18 GHS
Up to 2017	242,024	-	(222,317)	19,707
2018	-	600,652	(266,955)	333,697
	242,024	600,652	489,272	353,404

### 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:

	2018 GHS	2017 GHS
The differences are explained below:		
Tax at 18.75% (2017: 18.75%)		
Profit before tax	3,492,555	2,636,111
Non-deductible expenses	693,611	624,114
Capital allowances	(982,691)	(910,289)
Chargeable profit	3,203,475	2,349,936
Current tax charged	600,651	440,613
Deferred tax	92,582	79,933
Other tax	-	-
Tax charge	693,233	520,546
Effective tax rates	19.85%	19.75%

# Notes to the financial statements

For the year ended 31 December 2018

## 11. Property plant and equipment

Cost	Leasehold land & building GHS	Plant, machinery & equipment GHS	Motor vehicle GHS	Furniture & fittings GHS	Spare parts GHS	Product Development GHS	Total GHS
Balance as at 1/1/2018	2,310,155	4,702,627	400,915	554,638	168,225	4,298	8,140,858
Additions	79,559	150,107	58,222	180,612	-	-	468,500
Additions-WIP	1,314,888	335,194	198,515	-	-	-	1,848,597
Disposals/impairment	(10,220)	-	-	-	-	-	(10,220)
Transfers	-	-	-	-	-	-	-
Balance as at 31/12/18	3,694,382	5,187,928	657,652	735,250	168,225	4,298	10,447,735
Depreciation							
Balance as at 1/1/2018	344,853	1,052,300	323,795	273,051	67,291	-	2,061,290
Charge for the year	51,367	369,023	29,934	107,212	16,823	-	574,359
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31/12/18	396,220	1,421,323	353,729	380,263	84,114	-	2,635,649
Net Book Value as at 31 December 2018	3,298,162	3,688,015	303,923	354,987	84,111	4,298	7,812,086

# Notes to the financial statements

For the year ended 31 December 2018

Cost	Leasehold land & building	Plant, machinery & equipment	Motor vehicle	Furniture & fittings	Spare parts	Product Development	Total
	GHS	GHS	GHS	GHS	GHS	GHS	GHS
Balance as at 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)
Balance as at 31/12/17	2,310,155	4,702,627	400,915	554,638	168,225	4,298	8,140,856
Depreciation							
Balance as at 1/1/2017	440,468	1,043,190	450,444	273,051	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)
Balance as at 31/12/17	344,853	1,052,300	323,795	273,051	67,291	-	2,061,287
Net Book Value as at 31 December 2017	1,965,302	3,650,327	77,120	281,587	100,934	4,298	6,079,569

## 11.1 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 2018

### 12. Inventory

	2018 GHS	2017 GHS
Stock of Raw Materials	2,211,662	2,385,888
Stock of Raw Materials in Transit	173,696	589,512
Stock of Non-trade stock	675,643	553,761
Stock of Finished Goods	1,401,161	780,478
	<b>4,462,162</b>	<b>4,309,639</b>

### 13. Trade and other receivables

	2018 GHS	2017 GHS
Trade receivables	11,724,014	8,764,831
Allowance for bad debt(13.b)	(155,310)	(132,552)
Other receivables	789,088	1,188,809
Prepayments	78,886	79,528
	<b>12,436,678</b>	<b>9,900,616</b>

#### 13. b Allowance for bad debt

	2018 GHS
Loss allowance per IAS 39 at 31 December,2017	132,552
Transition adjustment	(3,884)
Loss allowance per IFRS 9 at 1 January,2018	128,668
IFRS 9 loss allowance for the year	26,642
Loss allowance per IFRS 9 at 31 December,2018	<b>155,310</b>

The average credit period on sales of goods is 270 days. Allowances for doubtful debts are recognised against trade receivables after 365 days based on the amount of expected credit losses using the simplified approach under the IFRS 9 impairment of financial assets. The simplified approach calculates impairment losses as a lifetime expected credit losses. The provision matrix is adopted for the computations.

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.

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

	2018 GHS	2017 GHS
< 30 days	952,254	1,857,366
30 to 60 days	2,018,832	1,563,361
60 to 90 days	1,777,853	1,460,884
90 to 180 days	3,137,120	1,950,865
180 to 360 days	2,696,675	1,472,410
> 360 days	1,141,280	459,945
	<b>11,724,014</b>	<b>8,764,831</b>

### 14. Cash and cash equivalent

	2018 GHS	2017 GHS
Cash account	3,179	508
Bank account	1,836,431	227,774
	<b>1,839,610</b>	<b>228,282</b>

Cash and bank are non-interest bearing.

### 15. Stated capital

The authorized share capital is 10 billion.

	2018 No. of Shares	Amount GHS	2017 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
	<b>226,621,246</b>	<b>7,213,384</b>	<b>226,621,246</b>	<b>7,213,384</b>

In the on-going process of raising further equity for the company through Private placement an amount of GH¢1,701,000 has been deposit by AI Acquisitions Ltd and Elizabeth Gyebi at the company bank account at Cal Bank Ltd against the future allotment of shares from the Private placement process.



## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

### 16. Employment benefit obligation

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

<b>Employee Obligation</b>	<b>2018 GHS</b>	<b>2017 GHS</b>
At start of year	<b>1,030,280</b>	1,080,815
Service cost	-	25,001
Adjustment to payables	-	36,682
Payment by Employer	<b>(495,561)</b>	(38,853)
At end of year	<b>534,719</b>	1,030,281

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.

### 17. Bank borrowing

	<b>2018 GHS</b>	<b>2017 GHS</b>
NIB overdraft	-	2,539,796
NIB term loan	<b>2,418,144</b>	-
Unibank term loan	-	432,386
	<b>2,418,144</b>	2,972,182

This amount represents a term loan with National Investment Bank (NIB) at a rate of 15% per annum with an annual APR of 18%. The commencement date of the loan was July 12<sup>th</sup> 2018 and expected payment date was December 31, 2018. No breach on loan terms.

### 17b. Other borrowings

	<b>2018 GHS</b>	<b>2017 GHS</b>
Directors short-term loan	-	44,157
Directors convertible loan	<b>520,160</b>	441,570
AI Acquisitions Ltd loan	<b>1,060,493</b>	-
JB Asafo Boakyie bridged loan	<b>14,460</b>	220,785
	<b>1,595,113</b>	716,512

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

### **For the year ended 31 December 2018**

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 facility is expected to be converted into shares when the private placement offer opens.

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

In 2018 AI Acquisitions Ltd advanced a loan of GH¢1,000,000 to the company and the facility is expected to be converted into shares during the opening of the Private placement offer. The interest rate for the loan was 24% per annum. No breach in loan terms.

### **18. Trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>GHS</b>	<b>GHS</b>
Trade payables	<b>2,101,573</b>	1,594,931
Other payables(including Taxes payable)	<b>2,213,023</b>	1,974,476
Directors' current account	<b>14,349</b>	14,349
Payables for Acquisition of Property Plant and Equipment	<b>1,684,800</b>	1,181,610
Accrued charges	<b>404,938</b>	211,346
	<b>6,418,683</b>	4,976,712

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.

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

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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### **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.

## **19.1 Market risk**

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

### 19.1.1 Foreign currency risk management

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

There 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 2018. Included in the table are the company's financial instruments, categorised by currency:

2018					TOTAL
ASSETS	USD	EURO	CFA	GHS	GHS
<b>NON CURRENT ASSETS</b>					
Property, Plant and Equipment	-	-	-	7,812,086	7,812,086
<b>CURRENT ASSETS</b>					
Inventory	-	-	-	4,462,162	4,462,162
Trade and Other Receivables	11,640	-	9,062,390	12,257,274	12,389,503
Cash & Bank	2,636	-	1,698,772	1,812,637	1,839,610
<b>Total Assets</b>	<b>14,276</b>	<b>-</b>	<b>10,761,162</b>	<b>26,344,159</b>	<b>26,503,361</b>
<b>CURRENT LIABILITIES</b>	<b>USD</b>	<b>EURO</b>	<b>CFA</b>	<b>GHS</b>	<b>GHS</b>
Trade and Other Payables	614,328	12,304	-	3,381,698	6,418,683
Current tax	-	-	-	353,404	353,404
Employee Benefit Obligation	-	-	-	534,719	534,719
Borrowings	-	-	-	2,418,144	2,418,144
Other Borrowings	107,917	-	-	1,074,954	1,595,113
Deferred Taxation	-	-	-	757,425	757,425
<b>Total Liabilities</b>	<b>722,245</b>	<b>12,304</b>	<b>-</b>	<b>8,520,344</b>	<b>12,077,488</b>
<b>TOTAL NET ASSETS</b>	<b>(707,969)</b>	<b>(12,304)</b>	<b>10,761,162</b>	<b>17,823,815</b>	<b>14,425,873</b>

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

2017 ASSETS	USD	EURO	CFA	GHS	TOTAL 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	2,636	-	1,698,772	25,398	228,282
<b>Total Assets</b>	<b>81,239</b>	<b>-</b>	<b>10,761,162</b>	<b>19,894,729</b>	<b>20,518,106</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	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	-	-	-	664,843	664,843
<b>Total Liabilities</b>	<b>686,615</b>	<b>12,304</b>	<b>-</b>	<b>7,495,501</b>	<b>10,592,554</b>
<b>TOTAL NET ASSETS</b>	<b>(605,377)</b>	<b>12,304</b>	<b>10,761,162</b>	<b>12,399,228</b>	<b>9,925,552</b>

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

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### 19.2 Credit risk

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties as well as cash and cash equivalents and deposits with banks and financial institutions.

#### Trade and other receivables

Majority of the trade receivable is due from Government of Ghana.

Other receivables represent advances to suppliers, staff advances and receivables.

Employees are not considered a credit risk as amounts due from employees are deductible monthly from gross pay.

The main components of this allowance are a specific loss component that relates to individually significant exposures especially advances to suppliers and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

#### Collateral held as security and other credit enhancements

There is no collateral held against any of the receivables.

#### Credit quality

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL—not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades.

## Intravenous Infusions Plc

# Notes to the financial statements

For the year ended 31 December 2018

	Note	External credit rating	Internal credit	12 month or lifetime	Gross carrying amount	Loss allowance	Net carrying amount
31 Dec, 2018					<b>GHS</b>	<b>GHS</b>	<b>GHS</b>
Trade and other receivables	<b>12</b>	NA	Performing	12 month	11,724,014	(155,310)	11,568,704

### Maximum exposure to credit risk

	<b>2018</b>	<b>2017</b>
	<b>GHS</b>	<b>GHS</b>
Cash and cash equivalent	<b>1,839,610</b>	288,282
Trade receivables	<b>12,436,678</b>	9,900,616
	<b>14,276,288</b>	10,188,898

### 19.3 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.

### 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.

	<b>2018</b>	<b>2017</b>
	<b>GHS</b>	<b>GHS</b>
Less than one year		
Trade and other payable	<b>6,418,683</b>	4,976,712

### 19.4 Operational risks

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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.

### **19.5 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



## **Intravenous Infusions Plc**

# **Notes to the financial statements**

### **For the year ended 31 December 2018**

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.

#### **20. Contingencies and commitments**

##### **20.1 Legal proceedings and regulations**

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

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

##### **20.2 Capital commitments**

The company has no capital commitments at the reporting date.

#### **21. Related party transactions**

This relates to transactions with key management personnel.

##### **Transactions with Directors and Key Management Personnel**

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

During the year, 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 a loan facility to the company which has a fair value of GHS2, 418,144 at the end of the period.

The Chairman of the Board Isaac Osei who is also shareholder has advanced a loan of USD100, 000 to the company for the partial payment of a production machinery imported from Europe. The principal sum and the interest have a fair value of GHS520, 160 as at December 31, 2018.

## **Intravenous Infusions Plc**

# **Notes to the financial statements**

**For the year ended 31 December 2018**

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AI Acquisitions Ltd is a company in which Leon Appenteng (a member of the Board and a shareholder of Intravenous Infusions Plc) has majority shares. AI Acquisitions has advanced a loan of GHS1,000,000 to be converted into shares during the private placement offer. In addition AI Acquisitions Ltd has made a deposit of GHS1,700,000 into the bank account of Intravenous Infusions at Cal Bank towards acquisition of shares in the Private placement offer.

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.

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

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