RANBAXY NIGERIA LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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RANBAXY NIGERIA LIMITED

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS, ETC.

Company Registration No: 95102

Shareholders:	Sun Pharma (Netherlands) B.V. Sun Pharmaceutical Industries Limited, India Individual Shareholders	
Chairman of the Board	Olaogun Badru Atanda	(Nigerian)
Board of Directors:	Mahendra Bharadwaj	(Indian)
	Hanwant Singh Arora	(Indian)
	Samson Yomi Osewa	(Nigerian)
	Harin Mehta	(Indian)
	Mihaly Kaszas	(Hungary)
Registered Address:	2nd floor 52A Cambell Street, Lagos Island Lagos.	
Business Address:	1st Floor, Abimbola House, No 24 Abimbola Street, Ilasamaja, Isolo, Lagos.	
Company Secretary:	Mr. Kufre Udoh 24, Abimbola Street, Isolo, Lagos.	
Independent Auditors:	Grant Thornton Nigeria (Chartered Accountants) 2A Ogalade Close Off Ologun Agbaje Street Off Adeola Odeku Street Victoria Island Lagos.	
Bankers:	Access Bank Plc Citibank Nigeria Limited Standard Chartered Bank Plc Wema Bank Plc Zenith Bank Plc	

RANBAXY NIGERIA LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report on the affairs of Ranbaxy Nigeria Limited ("the company"), together with the financial statements and independent auditor's report for the year ended 31 March 2020.

Legal Form

Ranbaxy Nigeria Limited ("the company") was incorporated as a private limited liability company in Nigeria on 12 May 1987 under the name Ranmax Laboratories Nigeria Limited. The Company name was changed to Ranbaxy Nigeria Limited at an extra ordinary general meeting held on 6 October 1987, under the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004.

Principal Activities

The principal activities of the company involve manufacturing, importation and sale of pharmaceutical products in Nigeria.

Directors

The directors who held office during the year and to the date of this report were:

Olaogun Badru Atanda	(Nigerian)
Mahendra Bharadwaj	(Indian)
Hanwant Singh Arora	(Indian)
Samson Yomi Osewa	(Nigerian)
Harin Mehta	(Indian)
Mihaly Kaszas	(Hungary)

Directors and their Interest

The directors who served during the year and their interest in the shares of the company at the year end were as follows:

		Number of shares held	
	Nationality	**2020**	**2019**
Olaogun Badru Atanda	(Nigerian)	684,104	684,104
Mahendra Bharadwaj	(Indian)	Nil	Nil
Hanwant Singh Arora	(Indian)	Nil	Nil
Samson Yomi Osewa	(Nigerian)	Nil	Nil
Harin Mehta	(Indian)	Nil	Nil
Mihaly Kaszas	(Hungary)	Nil	Nil

The directors do not have any interests required to be disclosed under Section 275 of the Companies and Allied matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004. In accordance with Section 277 of the Company and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, none of the directors has notified the company of any declarable interests in contracts with the company.

Operating Results

The following is the summary of the company's operating results:

	2020	**2019**
	₦,000	**₦,000**
Revenue	5,611,940	5,099,483
Loss before taxation	(1,266,939)	(1,517,576)
Taxation	(28,060)	(4,558)
Loss for the year	**(1,294,999)**	**(1,522,135)**

Shareholders and shareholdings

The shareholder structure of the company at the end of the year was as follows:

	2020		2019	
	No. of ordinary shares		No. of ordinary shares	
	%	of ₦1 each	%	of ₦1 each
Sun Pharma (Netherlands) B.V.	53.48	21,393,486	53.48	21,393,486
Sun Pharmaceutical Industries Limited, India	32.68	13,070,648	32.68	13,070,648
Individual Shareholders	13.84	5,535,866	13.84	5,535,866
	100	**40,000,000**	**100**	**40,000,000**

Apart from SUN Pharmaceutical Industries Limited that jointly holds 86.16% of the issued share capital; no other shareholder held 5% or more of the issued share capital of the Company as at 31 March 2020.

Donations and Charitable Gifts

The company did not make any charitable donation during the year.

In compliance with section 38 (2) of the Company and Allied Matter Act, Cap C.20, Law of the Federation of Nigeria, 2004, the company did not make any donation or gift to any political party, political association or for any political purpose during the year.

Employment and Employees

Employment of physically challenged persons

It is the policy of the company that there is no discrimination in considering applications for employment including those of physically challenged persons. All employees, whether or not physically challenged, are given equal opportunities to develop their skill and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment wit the company continues. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with other employees.

Applications for employment by physically challenged persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every efforts is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with those of other employees.

Employee involvement and training

The company is committed to keeping employees fully informed as much as possible, about the company's performance and progress and in seeking their views, whenever practicable on matters which particularly affect them as employees. The company organises on-the-job training for its staff using in-house training facilities complimented, when and where necessary, with external and overseas training, this has broaden opportunities for career development within the organisation.

Health, Safety and welfare at work

Health and safety regulations are in force within the premises of the Company. The Company places a high premium on its human resources and there is existing provision for staff welfare in the areas of lunch, rent and transportation subsidy. The Company has various forms of insurance policies to adequately secure an protect its employees.

Events after Reporting year

There are no events after reporting date which could have had a material effect on the state of affairs of the company as at 31 March 2020 which have not been adequately provided for or disclosed.

Independent Auditors

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAP C20) 2004, Messrs. Grant Thornton (Chartered Accountants) have indicated their willingness to continue in office as Auditors to the company.

LAGOS, NIGERIA.	**BY ORDER OF THE BOARD**
	Mr. Kufre Udoh
	24, Abimbola Street,
	Isolo
	Lagos

RANBAXY NIGERIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2020

The Companies and Allied Matters Act, CAP C20 LFN 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters Act, CAP C20 LFN 2004;

- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act, CAP C20 LFN 2004.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Olaogun Badru Atanda	**Hanwant Singh Arora**
Director	**Director**

Chartered Accountants

Grant Thornton Nigeria
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Off Ologun Agbaje Street
Off Adeola Odeku Street
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ranbaxy Nigeria Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Ranbaxy Nigeria Limited** (the Company), which comprise the statement of financial position as at **31 March 2020**, the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **31 March 2020**, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code),* and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i) 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.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires that in carrying out our audit we consider and report to you on the following mattes. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

Uchenna Okigbo, FCA
FRC/2016/ICAN/00000015653
FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)
LAGOS, NIGERIA.

RANBAXY NIGERIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 ₦'000	2019 ₦'000
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	**15**	4,427,551	4,976,681
Deferred Tax Asset	**17**	125,955	125,955
Employee Define Benefit Asset	**17**	87,479	88,189
		4,640,985	**5,190,825**
CURRENT ASSETS			
Inventory	**18**	1,649,507	1,459,651
Trade and Other Receivables	**19**	1,052,041	1,067,441
Cash and Cash Equivalent	**20**	1,378,203	2,458,975
		4,079,751	**4,986,068**
TOTAL ASSETS		**8,720,736**	**10,176,893**
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	**25.1**	40,000	40,000
Share Premium	**26**	38,951	38,951
Revenue Reserve		(1,877,789)	(582,435)
TOTAL EQUITY		**(1,798,838)**	**(503,483)**
LIABILITIES			
Non-Current Liabilities			
Employment Benefits Obligation	**24**	110,755	90,040
CURRENT LIABILITIES			
Borrowing	**21**	3,508,445	3,359,604
Trade and Other Payables	**22**	6,848,328	7,194,220
Provisions	**23**	28,621	25,590
Income Tax	**15**	23,422	10,921
		10,408,817	**10,590,335**
TOTAL EQUITY AND LIABILITIES		**8,720,736**	**10,176,893**

These accounts were approved by the Board of Directors on **13 May 2020** and signed on its behalf by:

Olaogun Badru Atanda
Director

Hanwant Singh Arora
Director

The statement of accounting policies and notes on pages 14 to 42 form an integral part of these financial statements.

RANBAXY NIGERIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 ₦'000	2019 ₦'000
Revenue	**6**	5,611,940	5,099,483
Cost of Sales	**7**	(3,951,754)	(4,177,149)
Gross Profit		**1,660,186**	**922,334**
Other Income	**8**	1,409,658	511,056
Less Expenses:			
Selling and Distribution Expenses	**9**	(458,628)	(428,032)
Administrative Expenses	**10**	(3,781,502)	(2,499,326)
Loss from Operation		**(1,170,287)**	**(1,493,968)**
Finance Income	**11**	57,233	90,549
Finance Cost	**12**	(153,886)	(114,157)
		(96,653)	**(23,608)**
Loss Before Taxation		**(1,266,939)**	**(1,517,576)**
Taxation	**15**	(28,060)	(4,558)
Loss After Taxation		**(1,294,999)**	**(1,522,134)**
Other Comphrensive Income:			
Items that will not be reclassified to profit or loss			
Remeasurement gain on defined benefit plan		(355)	9,033
Income tax effect		-	(2,710)
Items that will be reclassified to profit or loss		-	-
Other Comphrensive Income for the year, net of tax		(355)	6,323
Total Comprehensive loss for the year		**(1,295,354)**	**(1,515,811)**
Earnings per share attributable to owners of the Company (Naira)			
Per Share Data:			
Earnings per share (Naira)		**(32.4)**	**(38.1)**

The statement of accounting policies and notes on pages 14 to 42 form an integral part of these financial statements.

RANBAXY NIGERIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Equity Share ₦,000	Share Premium ₦,000	Retain Earnings ₦,000	Total ₦,000
Year Ended 31 March 2019				
Balance as at 1 April 2018	40,000	38,951	933,376	1,012,327
Loss for the year	-	-	(1,522,134)	(1,522,134)
Other Comprehensive Income:				
Remeasurement Gain on Defined Benefit Plan	-	-	6,323	6,323
Balance as at 31 March 2019	**40,000**	**38,951**	**(582,435)**	**(503,484)**
Year Ended 31 March 2020				
Balance as at 1 April 2019	40,000	38,951	(582,435)	**(503,484)**
Opening Balance Difference	-	-	-	**-**
Deferred tax adjustment to Retain Earnings	-	-		**-**
Loss for the year	-	-	(1,295,354)	**(1,295,354)**
Balance as at 31 March 2020	**40,000**	**38,951**	**(1,877,789)**	**(1,798,838)**

The statement of accounting policies and notes on pages 14 to 42 form an integral part of these financial statements.

RANBAXY NIGERIA LIMITED

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
Cash Flows from Operating Activities	**₦'000**	**₦'000**
Loss Before Taxation	(1,266,939)	(1,522,135)
Adjustments:		
Depreciation of Property, Plant and Equipment	675,692	661,336
Finance Income	(57,233)	(90,549)
Employee Cost Under Defined Benefit Plan	710	12,911
Interest Accrued on Ranbaxy Loan	-	114,157
Exchange Difference on Interest Bearing Loan	-	148,516
Income Tax Expense	28,060	4,558
Profit on Disposal of PPE	(5,213)	-
Adjustment	(2,318)	-
Operating Loss Before Working Capital Changes	**(627,242)**	**(671,206)**
Changes in Working Capital:		
(Increase)/Decrease in Inventories	(189,856)	56,976
Decrease/(Increase) Trade and Other Receivables	15,400	(1,720)
Increase in Trade and Other Payables	(345,892)	1,122,485
Increase in Provisions	3,031	1,713
Increase in Interest on Borrowings	148,841	-
	(995,718)	**508,247**
Tax Paid	(15,559)	-
Net Cash Flow from Operating Activities	**(1,011,276)**	**508,247**
Cash flow from Investing Activities:		
Purchase of Property, Plant and Equipment	(126,735)	(79,962)
Finance Income	57,233	90,549
Net Cash flow from Investing Activities	**(69,502)**	**10,587**
Cash Flow from Financing Activities:		
Share Capital	-	-
Net Cash Flow from Financing Activities	**-**	**-**
Net Cash Flow for the year	**(1,080,779)**	**518,834**
Cash and Cash Equivalents as at 1 April	2,458,975	1,940,110
Cash and Cash Equivalents as at 31 March	**1,378,203**	**2,458,975**
Cash and Cash Equivalent Consist of :		
Cash at Bank	**1,378,203**	**2,458,975**

The statement of accounting policies and notes on pages 14 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1 Nature of Operation

The principal activities of the company involves manufacturing, importation and sale of pharmaceutical products in Nigeria.

Sale Pharmaceutical Product: The Company involve sales of pharmaceutical product through marketing, sales promotion, the company make use of marketers to promote their product and reach out to the consumers.

2 General Information, Statement of Compliance with IFRS and Going Concern Assumption

Ranbaxy Nigeria Limited ("the company") was incorporated as a private limited liability company in Nigeria on 12 May 1987 under the name Ranmaxy Laboratories Nigeria Limited. The Company name was changed to Ranbaxy Nigeria Limited at an extra ordinary general meeting held on 6 October, under the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004. The Company is a subsidiary of Ranbaxy Laboratories Limited- India until March 2015, when Ranbaxy Laboratories Limited (RLL) merged with the SUN Pharmaceutical Industries Limited, India. Ranbaxy Netherland BV (RNBV) a subsidiary of Ranbaxy Laboratories Limited (RLL) India holds 52.63% of the ordinary share capital of the Company while Ranbaxy Laboratories Limited holds 32.68% equity interest in the Company. Consequently, SUN Pharmaceutical Industries Limited now holds 32.68% equity interest in Ranbaxy Nigeria Limited while the Sun Pharmaceutical Industries Limited group jointly holds 86.16% of the issued share capital Ranbaxy Nigeria Limited, with effect from 28 July 2017, the name Ranbaxy Netherland BV was changed to Sun Pharma (Netherlands) B.V.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the company operates on a going concern basis. The company's audited balances for the year under review are comparable with the prior year balances in all aspects.

The financial statements for the year ended 31 March 2020 (including comparatives) were approved and authorised for issue by the board of directors of Ranbaxy Nigeria Limited on **13 May 2020.**

3 New or Revised Standards or Interpretations

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.

At the date of authorisation of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the company’s financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company’s financial statements.

3.2.1 IFRS 17, 'Insurance Contracts ', Issued: May 2018 (Effective 1 January 2021)

IFRS 17, "Insurance Contracts" In May 2018, the IASB issued IFRS 17 "Insurance Contracts," which replaces an interim standard IFRS 4 "Insurance Contract" and related interpretations. The standard sets out the requirements that a company should apply in reporting information about insurance contracts.
The standard provides update of information about the obligations, risk and performance of insurance contracts, increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry, and introduces a consistent accounting for all insurance contracts based on a current measurement model. IFRS 17 requires that a company update the measurement of insurance obligations at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rate.

3.2.2 The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition. ', Issued: October 2018 (Effective 1 January 2020).

In October 2018, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

New definition of material

The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements.

4.1 Basis of Preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in Nigerian Currency Naira (₦).

4.2 Foreign Currency Translation

4.2.1 Functional and presentation currency

These financial statements are presented in Nigeria Naira (₦) which is the company's functional currency. Except otherwise indicated. All financial information presented in Nigeria Naira has been rounded to the nearest thousand except where otherwise stated.

Significant Accounting Policies (Cont'd)

4.2.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entities, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.3 Revenue Recognition

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services. Revenue arises mainly from manufacture, imports and sale of pharmaceutical products to customers in Nigeria.

To determine whether to recognize revenue, the Company follows a 5-step process:

(i) Identifying the contract with a customer
(ii) Identifying the performance obligations
(iii) Determining the transaction price
(iv) Allocating the transaction price to the performance obligations
(v) Recognizing revenue when/as performance obligation(s) are satisfied.

The Company manufactures, imports and sells pharmaceutical products in the wholesale market. Sales are recognised based on invoices raised on or before the 24th day of each months for up- country customers (i.e customers outside Lagos) and on or before 28th day of each month for local customers (i.e. customers within Lagos). All invoices raised after these dates are recognised when control of products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. The product is often sold with retrospective allowance for sales returns based on 0.5% of the aggregate sales over a 12 months period.

Revenue from these sales is recognised based on the price specified on the invoice, net of estimated volume discounts(/if any). Accumulated experience is used to estimate and provide for the sales returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Company's obligation to provide a refund for returned products under the standard terms is recognised as a provision.

Significant Accounting Policies (Cont'd)

4.3 Revenue Recognition (cont'd)

The Company often enters into transactions involving a range of the Company's pharmaceutical products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised services to its customers.

The company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.4 Finance Income/ Finance Cost

Finance income and finance income represent interest income on fund invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowing. Interest expense is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.5 Operating

Operating expenses are recognized in statements of profit or loss upon utilization of the service or as incurred.

4.6 Borrowing Cost

Borrowing Cost directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as interest payable in the income statements in the period in which they are incurred.

Significant Accounting Policies (Cont'd)

4.7 Income and deferred tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent of items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax asset is recognized in profit or loss account except to the extent that it relates to a transaction that is recognized directly in equity. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the amount will be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.8 Property, plant and equipment

4.8.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Significant Accounting Policies (Cont'd)

4.8.2 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on derecognition or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment, and are recognised net in profit or loss.

4.8.3 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

4.8.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives for the current and comparative years are as follows:

- Leasehold improvements	Over the period of the lease
- Plant and machinery	10 -15 years
- Motor	4 - 6 years
- Furniture and fittings	5 -7 years
- Generators	4 - 6 years

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Significant Accounting Policies (Cont'd)

4.9 Intangible Assets

4.9.1 Recognition and measurement

The cost of an intangible asset is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

4.9.2 Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefit are expected from the use. Gain or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

4.9.3 Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embedded in the specific asset to which it relates. All other expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

4.9.4 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line bases over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embedded in the asset.

The estimated useful lives for the current year are as follows

Computer software	5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.9.5 Impairment testing of property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some impairment losses for cash-generating units reduce first the carrying assets are tested individually for impairment and some are tested at cash-generating unit level.. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the entity's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors. amount of any assets allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Significant Accounting Policies (Cont'd)

4.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory include purchase cost and all relevant costs that have been incurred in bringing the items of inventory to their present location and obligation. Inventories comprise of finished products and goods-in-transit.

The basis of costing is as follows:
Raw materials: Raw materials includes purchase cost and other costs incurred to bring the materials to their location and condition. Raw materials are valued using weighted average cost.

Finished products: Purchase cost on a first-in, first-out basis including transportation and applicable delivering charges.

Goods in transit: Purchase cost incurred to date.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

4.11 Cash and cash equivalents

Cash and Cash Equivalents comprise of notes on hand, demand deposits and other short term, highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, company overdrafts are included in current liabilities.

4.12 Financial Instruments

4.12.1 Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

4.12.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

• Amortized cost
• Fair value through profit or loss (FVTPL)
• Fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorized as FVOCI.

Significant Accounting Policies (Cont'd)

4.12.2 Classification and initial measurement of financial assets (cont'd)

The classification is determined by both:
• The entity's business model for managing the financial asset.
• The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.12.3 Subsequent measurement of financial assets
4.12.3.1 Financial assets at amortized cost
Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

4.12.3.2 Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

4.12.3.3 Financial assets at fair value through other comprehensive income (FVOCI)
The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

• they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods) AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables).

Within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

4.12.4 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

• would cover financial assets that have objective evidence of impairment at the reporting date (Stage 3').

Twelve month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Significant Accounting Policies (Cont'd)

4.12.5 Trade and other receivables and contract assets
The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

4.12.6 Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.12.7 Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

4.12.8 Trade and other payables (Cont'd)
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.13 Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods or services. They are recognised when the company expects to receive future economic benefits equivalent to the value of the prepayments

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods or services. They are recognised when the company expects to receive future economic benefits equivalent to the value of the prepayment. The receipt or consumption of the goods or services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

4.14 Borrowing
Borrowings are recognised initially at their issue proceeds and subsequently stated at cost less any repayments. Transaction costs where immaterial, are recognised immediately in the income statements. Where transaction costs are material, they are capitalised and amortised over the life of the loan. Interest paid on borrowing is recognised in the income statement for the period.

Significant Accounting Policies (Cont'd)

4.15 Post-employment benefits

4.15.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

In line with the provisions of the Pension Reform Act, the company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the company's contribution is recognized in profit or loss as employee benefit expense in the years during which services are rendered by employees. Employees contribute 8 % each of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The company's contribution is 10 % of each employee's Basic salary, Transport and Housing Allowances.

4.15.2 Defined benefit plan

For defined benefit plans, the cost of providing benefit is determined using the projected unit credit method, with actuarial valuations being carried out periodically so that a provision for the present value of the estimated cost for liabilities due at the reporting date in respect of employee's terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement is being made in the statement of financial position.

4.15.3 Termination benefits

Termination benefits are recognized as an expense and liability at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognizes costs for a restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and involve the payment of termination of benefits. If benefits are payable more than 12 months after the reporting year, then they are discounted to their present value.

4.15.4 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonuses if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.15.5 Gratuity Scheme

The employee gratuity is a defined benefit plan. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income(OCI).

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the income statements in subsequent period.

Significant Accounting Policies (Cont'd)

4.15.5 Gratuity Scheme

Past services costs are recognised in income statement on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises restructuring- related costs

Net interest calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under administrative expenses in the income statement.

- Service costs comprising current service costs, past-service costs, and non-routine settlements
- Net interest expense or income

4.16 Share Capital and Share Premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

4.17 Provisions and contingent liabilities

4.17.1 Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

4.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Significant Accounting Policies (Cont'd)

4.19 Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who are able to exert a significant influence on the operating policies of the company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, direct or indirectly, including any direct (whether executive or otherwise) of the company.

Related party transactions of similar nature are disclosed in aggregate except where separate disclosure is necessary for understanding the effects of the related party transactions on the financial statements of the company.

4.20 Statement of cash flows

The statement of cash flows is prepared using the direct method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance costs paid is also included in financing activities while finance income is included in investing activities.

4.21 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the entity that have the most significant effect on the financial statements.

4.21.1 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company’s future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4.21 Significant management judgement in applying accounting policies and estimation uncertainty (Cont'd)

4.21.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Significant Accounting Policies (Cont'd)

4.21.3 Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

4.21.4 Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

5 Financial Risk Management

5.1 Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The company has exposure to significant risks which are categorised as follows:
(i) Regulatory (capital adequacy, legal, accounting and taxation);
(ii) Business environment (reputation and strategic);
(iii) Operational (people, information technology and internal control processes);
(iv) Liquidity
(v) Credit risk

Financial Risk Management (Cont'd)

5.2 Detailed discussion of significant risks

5.2.1 Regulatory risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the company. In order to manage this risk, the company is an active participant in the marketing and research industry and engages in discussions with policy makers and regulators.

5.2.2 Legal risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 March 2020, the directors are not aware of any significant obligation not provided for.

5.2.3 Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products or services.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

\- **Transactional risk**

The risk which concerns specific transactions entered into by the company, including restructuring projects and reorganizations.

\- **Operational risk**

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

Financial Risk Management (Cont'd)

5.2.3 Taxation risk (Cont'd)

- **Compliance risk**

The risk associated with meeting the company's statutory obligations.

- **Financial accounting risk**

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provision.

In managing the company's taxation risk, the company tax policy is as follows:

The company will fulfill its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;

- The company continually reviews its existing operations and planned operations in this context; and

Compliance with this policy is aimed at ensuring that:

- The company ensures that, where clients participate in company products, these clients are either aware of the probably tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfillment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Establish proper internal accounting controls;
- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Financial Risk Management (Cont'd)

5.2.3 Taxation risk (Cont'd)
Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

5.3 Business environment

5.3.1 Reputational risk
Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

5.3.2 Strategic risk
Strategic Risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business units.

Company risk identifies and assesses both those risks qualitatively as part of a periodic evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses of the risk profile of the company and regularly informs directors and management.

5.3.3 Operational risk
Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

Financial Risk Management (Cont'd)

5.3.4 Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's trade receivables.

The Board of Directors considers that the company is not exposed to significant concentration risk in relation to trade receivables. However, credit risk may arise in the event of non-performance of a counterparty. Credit limits are established for each customer and reviewed periodically.

The carrying amount of financial assets represents the maximum credit exposure to credit risk at the reporting date was as follows:

	Note	2020 ₦,000	2019 ₦,000
Trade receivables (Net)	19	1,052,041	1,067,441
Cash and cash equivalents (excluding cash in hand)	20	626,980	1,530,339
		1,679,021	**2,597,779**

Impairment of trade recievables

The Company has trade recievables for the sales of inventory that is subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on share credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2019 or April 2019 respectively and the corresponding historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability oft the customers to settle the receivables . The Company has identified the GDP and the unemployment rate of the countries in which its sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors

On that basis, the loss allowance as at 31 March 2020 and 31 March 2019 was determined as follows for trade recivables

31-Mar-20	**Current**	**30 days past due**	**60 days past due**	**180 days past due**	**360 days past due**	**More than 360 days past due**	**Total**
Expected Loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Gross Amount	456,126	236,337	63,964	147965	58,218	173,043	1,135,653
Loss allowance	**-**	**-**	**-**	-	**-**	**173,043**	**1,135,653.00**

31-Mar-19	**Current**	**30 days past due**	**60 days past due**	**0 days past d**	**360 days past due**	**More than 360 days past due**	**Total**
Expected Loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Gross Amount	477,617	222,149	67,773	98,958	68,766	160,350	1,095,613
Loss allowance	**-**	**-**	**-**	-	**-**	**160,350**	**1,095,613.00**

Financial Risk Management (Cont'd)

Impairment losses

The impairment related to doubtful trade receivables due from customers that are not expected to be able to pay outstanding balances, mainly due to economic circumstances. The company believes that the unimpaired amounts are still collectible, based on historical payment behavior and extensive analysis of the customers.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2020	2019
Balance as at 1 April		
Impairment loss	160,350	160,350
Impairment allowance during the year	57,615	-
Balance as at 31 March	**217,965**	**160,350**

Cash and cash equivalents

The company held cash and cash equivalents of N1,466.036 billion (excluding cash at hand) as at 31 March (2019: N2,458.98 billion) which represents its maximum credit exposure on these assets. The company mitigates its credit risk exposure in respect of bank balance by selecting a reputable bank with a history of strong financial performance.

5.3.5 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest:

	Carrying amount	Contractual cash flows	Over year or less	1-5 years
31 March 2020 Non-derivative financial liabilities	**N'000**	**N'000**	**N'000**	**N'000**
Borrowing	3,508,445	3,508,445	3,508,445	-
Trade and other payables*	6,848,328	6,848,328	6,848,328	-
Provisions	28,621	28,621	28,621	-
Pension payables	110,755	110,755	110,755	-
	6,987,704	**6,987,704**	**6,987,704**	**-**
31 March 2019 Non derivative liabilities				
Borrowing	3,359,604	3,359,604	3,096,931	262,673
Trade and other payables*	7,194,220	7,194,220	7,194,220	-
Provisions	25,590	25,590	25,590	-
Pension payables	90,040	90,040	90,040	-
	7,309,850	**7,309,850**	**7,309,850**	**262,673**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Financial Risk Management (Cont'd)

5.4 Fair values

Classification of financial instruments and fair values

The classification and fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2020		2019	
	Carrying Amount	**Amortised Cost**	**Carrying Amount**	**Amortised Cost**
Assets carried at amortised cost				
Receivables and cash				
Trade receivables	1,052,041	1,052,041	1,067,441	1,067,441
Cash and cash equivalents	1,378,203	1,378,203	2,458,975	2,458,975
	2,430,244	**2,430,244**	**3,526,416**	**3,526,416**
Liabilities carried at amortised cost				
Other financial liabilities				
Trade and other payables	6,848,328	6,848,328	7,194,220	7,194,220
	6,848,328	**6,848,328**	**7,194,220**	**7,194,220**

All the Company's financial assets and liabilities are short term. Accordingly, management believes that the carrying amounts are reasonable approximations of their fair values due to the insignificant impact of discounting. Thus no further fair value information is disclosed.

	2020 ₦'000	2019 ₦'000
6 Revenue		
Private	5,460,603	4,965,455
Institution	75,374	26,416
Government	75,963	107,612
	5,611,940	**5,099,483**

Revenue involves sale of pharmaceutical products through marketing and sales promotion. The company make use of marketers to promote their product and reach out to the consumers.

7 Cost of Sales		
Purchases of pharmaceutical products	3,951,754	4,177,149
	3,951,754	**4,177,149**

Cost of sales comprise of pharmaceutical products and the other related cost that are incurred to bringing the goods to the point of sales.

8 Other Income		
This comprise:		
Write back of impairment provision	-	8,919
Write back of technical fees waived by Sun Pharmaceuticals	-	84,889
Profit on disposal of property, plant and equipment	5,213	1,550
Sale of scrap	651	1,140
Exchange gain	1,403,793	414,558
	1,409,658	**511,056**

Other income comprises of amount recovered from sale of scrap and profit from sale of disposed Property, plant and Equipment items during the year.

9 Selling and Distribution Expenses		
Selling and promotion expenses	376,676	349,199
Distribution expenses	81,952	78,833
	458,628	**428,032**

Selling and distribution expenses represent cost of promoting the company business.

	2020 ₦'000	2019 ₦'000
10 Administrative Expenses		
Salaries and Wages	402,169	315,732
Depreciation and amortisation	675,692	661,366
Auditor's remuneration	4,500	8,000
Professional fees	5,507	4,415
Directors fee	300	300
Rent and rates	75,229	80,270
Transport and travelling expenses	11,579	13,006
Repairs and maintenance	8,713	2,731
Regulatory expenses	19,706	7,663
Insurance	7,489	8,493
Gift and entertainment	185	131
Bank charges	27,565	3,703
Printing, stationery and communication	17,008	22,994
Impairment allowance on trade receivables	20,841	33,136
Security services	6,689	2,081
Electricity	5,257	5,515
Technical Know-how Expenses	111,807	-
Foreign exchange loss	2,326,928	1,315,372
Other administrative expenses	53,335	13,150
Training expenses	1,003	1,268
	3,781,502	**2,499,326**

Administrative expenses consist of the expenses stated above. Professional and legal fees comprise of payment made in respect of legal charges, consultanct charges Other administrative expenses represents medical expenses, other auditor's expenses, taxes (non deductible), automobile operating expenses, conveyance charge.

	2020 ₦'000	2019 ₦'000
10.1 Depreciation and Amortisation Expense		
Depreciation expense	675,692	661,366
	675,692	**661,366**

	2020 ₦'000	2019 ₦'000
10.2 Classification by nature		
Selling and distribution expenses	458,628	428,032
Other Administrative expenses	53,335	13,150
Personnel expenses	402,169	315,732
Depreciation expense	675,692	661,366
	1,589,824	**1,418,280**
11 Finance income		
Interest received on fixed deposit	57,233	90,549
	57,233	**90,549**
12 Finance Cost		
Interest on Loan - Ranbaxy Netherlands	153,886	114,157

	153,886	**114,157**

Finance cost comprise of interest charged due to loan received from the group company and exchange loss incurred in the course of importation.

13 Personnel expenses

Salaries, wages and allowances	339,756	261,768
Workmen and staff welfare	43,361	5,445
Net benefit expenses	-	24,096
Gratuity/ pension cost	19,052	24,423
	402,169	**315,732**

Personnel expenses represents employee expenses incurred during the year.

14 Directors Emolument

Fees	300	300
	300	**300**

This represents remuneration paid to the company's director during the year.

15 Current Tax Liabilities

Income tax payable		
Balance as at 1 April	10,921	6,363
Provision for the year:		
Company income tax	28,060	-
Education tax	-	4,558
	38,981	**10,921**
Payment during the year	(15,559)	-
Balance as at 31 March 2020	**23,422**	**10,921**

16 Income Tax Expense

Company income tax	28,060	-
Education tax	-	4,558
	28,060	4,558
Deferred tax asset	-	-
Total income tax expenses	**28,060**	**4,558**

The charge for taxation has been computed in accordance with provisions of the Company Income Tax Act CAP, C21, LFN 2004 as amended to date and Education Tax Act, CAP E4, LFN 2004. The rate used for the 2020 tax computation is 30% payable by Corporate Entities in Nigeria and 2% for Education Tax. Also, the minimum income tax is not applicable since it has more than twenty five percent foreign equity share holding.

	2020	**2019**
	₦'000	**₦'000**
17 Deferred Taxation		
Balance as at 1 April	125,955	125,955
Movement during the year	-	-
Write-off to retain earnings	-	
Balance as at 31 March	**125,955**	**125,955**

Deferred tax has been computed in accordance with IAS 12; resulting into deferred tax assets of ₦492,376,722. The deferred tax assets is not recognised in the financial statements in the current year due to the unpredictability of availabile sufficient taxable profits in the near future against which deductible temporary differences will be utilised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (CONT'D)

15 Property, Plant and Equipment

	Land and Building	Leasehold Improvement ₦,000	Furniture & Fittings ₦,000	Motor Vehicles ₦,000	Plant & Machinery ₦,000	Generator	Total Amount ₦,000
Cost							
As at 1 April 2019	168,910	3,973,693	160,845	450,094	2,284,275	18,456	**7,056,273**
Additions	-	17,006	13,812	66,350	29,567	-	**126,735**
Disposal	-	-	-	(38,485)	(7,558)	-	**(46,043)**
As at 31 March 2020	**168,910**	**3,990,699**	**174,657**	**477,959**	**2,306,284**	**18,456**	**7,136,964**
Depreciation							
As at 1 April 2019	-	913,471	140,549	348,841	658,274	18,456	**2,079,591**
Charge for the year	-	386,653	8,477	54,562	226,173	-	**675,866**
Disposal	-	-	-	(38,485)	(7,558)	-	**(46,043)**
As at 31 March 2020	**-**	**1,300,124**	**149,027**	**364,917**	**876,889**	**18,456**	**2,709,414**
Carring Amount							
As at 31 March 2020	**168,910**	**2,690,576**	**25,629**	**113,042**	**1,429,395**	**-**	**4,427,551**
As at 31 March 2019	**168,910**	**3,060,222**	**20,295**	**101,253**	**1,626,001**	**-**	**4,976,681**

	2020 ₦'000	2019 ₦'000
16 Intangible Assets (Software)		
Cost:		
Balance as at 1 April 2019	13,137	13,137
Additions	-	-
Balance as at 31 March 2020	**13,137**	**13,137**
Accumulated Amortisation:		
Balance as at 1 April 2019	13,137	**13,137**
Amortisation for the Year	-	-
Balance as at 31 March 2020	**13,137**	**13,137**
Carrying Amount:		
As at 31 March 2020	**-**	**-**
As at 31 March 2019	**-**	**-**

Intangible asset comprise of accounting systems software.

17 Employee Benefit Plan		
Investment quoted in active market:		
Treasury bills	69,130	36,160
Bonds issued by Nigerian Government	14,919	51,952
Cash and Cash Equivalents	3,790	77
	87,479	**88,189**

18 Inventory		
Raw materials	848,276	399,834
Work in progress	284,657	261,592
Finished goods	435,660	459,755
Spare parts	12,771	19,957
Packaging materials	313,573	301,133
Goods in transit	521,666	276,191
	2,416,602	**1,718,462**
Allowance for obsolete spare parts and slow moving stock	(767,096)	(258,811)
	1,649,507	**1,459,651**

The carrying amount of the inventories is the lower of their costs and net realisable values as at the reporting dates.

Movement in allowance for impairment for inventory is as stated below:

Balance at beginning of the year	258,811	132,076
Impairment allowance	508,285	126,735
Balance at the end of the year	**767,096**	**258,811**

19 Trade and Other Receivables

Trade receivables	1,155,077	1,095,613
Allowance for impairment of trade receivables	(217,965)	(160,350)
Trade recievables - net	**937,113**	**935,263**
Other receivables	42,707	42,584
Loans and advances	18,342	25,308
Prepayments	43,602	50,251
Interest recievables	-	14,035
Security Deposit	10,278	-
	1,052,041	**1,067,441**

All amount are short-term. The net carrying amount of trade receivables is considered to be at transaction price.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components,when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The age analysis of trade receivables is as follows:

Not due	456,126	477,617
Past due 1-30 days	236,337	222,149
Past due 31-60 days	63,964	67,773
Past due 61-180 days	147,965	98,958
Past due 181-360 days	58,218	68,766
Amount due above 360 days and impaired	173,043	160,350

The Company does not hold any collateral as security for trade receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit loss using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collectived basis, trade receivables are grouped based on similar credit risk and aging.

20 Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

Cash at Bank	626,980	1,530,339
Cash in Hand	868	108
Short-term investments	750,355	928,528
	1,378,203	**2,458,975**

These comprise of balance on hand and balance at bank as at the year end 31 March 2020.

21 Borrowings

Shor-term borrowing	2,711,250	3,096,931
Accrued interest expense	797,195	262,673
	3,508,445	**3,359,604**

The Company obtained a loan of $8,000,000 from SUN Pharma (Netherlands) B.V (Formerly) Ranbaxy Netherlands BV) to finance its factory project.The principal amount is to be repaid in 5 equal instalment falling due on November 30 each year starting from 2014. The loan is not secured on any property of the Company. The loan is priced at the rate of 6 monthly US dollar LIBOR plu 300bp per annum on the principal amount outstanding and shall be calculated on the basis of actual / 360 days. The loan is stated at amortised cost using floating interest rate which approximate effective interest rate.

Accrued interest relates to portion of borrowing cost capitalised during the period but not yet paid as at the year end 31 March 2020.

22 Trade and Other Payables

Trade payables	141,569	235,729
Amount Due to Related Parties	6,554,829	6,796,286
Other Payables and Accruals	151,930	162,205
	6,848,328	**7,194,220**

The carrying amount of trade and other payables are considered to be at their amortized cost

23 Provisions

Balance at the beginning of the year	25,590	23,877
Additions during the year	3,031	1,713
(Writeback) during the year	-	-
Balance at the end of the year	**28,621**	**25,590**

Provision represent management estimate of the value of goods sold but are probable of being returned if they are yet to be sold before their expiry date as contained in the contract of sales with the customers.

24 Employee Benefit Obligation

Balance as at 1 April	90,040	**90,040**
Addition	20,715	**-**
Payment	**-**	**-**
Balance as at 31 March	**110,755**	**90,040**

25 Authorised Share capital

40,000,000 Ordinary share of N1 each	**40,000**	**40,000**

25.1 Issued and Fully Paid-Up

40,000,000 Ordinary share of N1 each	**40,000**	**40,000**

The Company has one class of ordinary shares which carry no right to fixed income.

26 Share premium	**38,951**	**38,951**

	2020	2019
27 Related party disclosures	**₦'000**	**₦'000**
Borrowings from Sun Pharma (Netherlands) B.V (Formerly Ranbaxy Netherlands BV) (Note 21)	3,508,445	3,359,604
Due to related parties for materials purchased (Note (22))	6,554,829	6,796,286
	10,063,274	**10,155,890**

The Company is a subsidiary of Ranbaxy Laboratories Limited- India up until March 2015, when Ranbaxy Laboratories Limited (RLL) merged with the SUN Pharmaceutical Industry Limited, India. Ranbaxy Netherland BV (RNBV) a subsidiary of Ranbaxy Laboratories Limited (RLL) India holds 52.63% of the ordinary share capital of the Company while Ranbaxy Laboratories Limited holds 32.68 % equity interest in the Company. Consequently, SUN Pharmaceutical Industries Limited now holds 32.68% equity interest in Ranvaxy Nigeria Limited while the SUN Pharmaceutical Industries Limited group jointly holds 85.31% of the issued share capital of Ranbaxy Nigeria Limited. With effect from 28 July 2017, the name Ranbaxy Netherland BV was changed to SUN Pharma (Netherlands) B.V.

The Company enters into various transactions with its related Companies and with other key management personnel in the nomal course of business. Details of the significant transactions carried out during the year with the related parties transaction are as follows:

28 Directors and Employees

The average number of persons including Directors whose duties were wholly and mainly discharged in Nigeria, receive remuneration (excluding pension costs and certain benefits) in the following range:

	Number 2020	Number 2019
28.1 Directors		
Up to ₦10,000,000	**1**	**1**
₦10,000,001 and above	**-**	**-**
	1	**1**

28.2 Employess

The average number of persons employed (excluding Directors) in the Company during the year were as follows:

Production	72	66
Sales and marketing	112	109
Finance and administration	13	13
	197	**188**

The number of employees of the Company (other than Directors who earned over N500,000 during the year and which fell within the range stated below:

Up to ₦500,000	-	-
₦500,001 to ₦1,000,000	11	48
₦1,000,001 to ₦1,500,000	106	77
Above ₦1,500,001	80	63
	197	**188**

29 Contingent Liabilities

The company had no contingent liabilities in respect of legal claims arising in the ordinary course of business.

30 Financial commitments

The Board of Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

31 Events After reporting Period

There were no significant events after the reporting year.

32 Authorisation of Financial Statements

The financial statements for the year ended 31 March 2020 were approved by the board of directors on **13 May 2020.**

OTHER NATIONAL DISCLOSURES

RANBAXY NIGERIA LIMITED

VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2020		2019	
	₦'000	**%**	**₦'000**	**%**
Revenue	5,611,940		5,099,483	
Investment Income	57,233		90,549	
Other Income	1,409,658		511,056	
	7,078,830		5,701,088	
Cost of Bought-In materials, goods and services	(7,114,023)		(6,127,409)	
Value Added	**(35,193)**	**100**	**(426,321)**	**100**
Applied as follows:				
To Pay Employees:				
Salaries, Wages and Other Benefits	402,169	(1,143)	315,732	(74)
To Pay Government:				
Income and Education Taxes	28,060	(80)	4,558	(1)
To Pay Providers of Capital:				
To pay interest	153,886	(437)	114,157	(27)
Assets Replacement Provision:				
Depreciation	675,692	(1,920)	661,366	(155)
To Provide for the Future:				
Loss for the year	(1,294,999)	3,680	(1,522,134)	357
	(35,193)	**100**	**(426,321)**	**100**

Value Added represents the wealth created by the efforts of the company and its employees. The statements shows the distribution of the wealth among employees, government, providers of capital and the amount retained for future creation of wealth.

RANBAXY NIGERIA LIMITED

FOUR YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 MARCH 2020

	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000
Statement of Financial Position					
Assets Employed					
Non-Current Assets	4,640,985	5,190,825	5,777,711	4,448,737	4,448,737
Current Assets	4,079,751	4,986,068	-	-	-
Total Assets	**8,720,736**	**10,176,893**	**5,777,711**	**4,448,737**	**4,448,737**
Financed By:					
Share Capital	40,000	40,000	40,000	40,000	40,000
Share Premium	38,951	38,951	38,951	38,951	38,951
Revenue Reserve	(1,877,789)	(582,435)	933,376	3,274,905	3,274,905
Non-Current Liabilities	110,755	90,040	88,936	1,065,687	1,065,687
Current Liabilities	10,408,817	10,590,335	-	-	-
Net current (liability/assets)	-	-	4,676,448	29,194	29,194
Total Liabilities	**8,720,736**	**10,176,893**	**5,777,711**	**4,448,737**	**4,448,737**
Statement of Profit or Loss					
Revenue	5,611,940	5,099,483	4,967,597	3,471,793	97,634
(Loss)/profit Before Taxation	(1,266,939)	(1,517,576)	2,079,701	766,661	766,661
Income Tax Expense	(28,060)	(4,558)	(24,694)	(390,965)	(390,965)
(Loss)/profit for the Year	**(1,294,999)**	**(1,522,134)**	**2,055,007**	**375,696**	**375,696**
Per Share Data {in Naira (=N=)}	**(32.37)**	**(38.05)**	**51.38**	**(3.05)**	**9.39**
Total Assets Per Share	21,802	25,442	14,444	11,122	2,035