

MECURE INDUSTRIES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER, 2018

**ALEXANDER JOHNSON & CO.
CHARTERED ACCOUNTANTS**

MECURE INDUSTRIES LIMITED

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MECURE INDUSTRIES LIMITED

CORPORATE INFORMATION

DIRECTORS:

SAMIR UDANI
AVNI UDANI
ARJUN UDANI
DUKOR ANDERLINE NDIDI

REGISTERED BUSINESS ADDRESS:

PLOT 6, BLOCK H, DEBO INDUSTRIAL
COMPOUND, OSHODI APAPA EXPRESSWAY,
OSHODI, LAGOS.

SHARE CAPITAL:

20,000,000.00

NATURE OF BUSINESS:

MANUFACTURING OF PHARMACEUTICALS
PRODUCTS AND HEALTH SERVICES

BANKERS:

ECO BANK PLC
STANDARD CHARTERED BANK PLC
UNION BANK PLC
ZENITH BANK PLC

AUDITORS:

ALEXANDER JOHNSON & CO.
(CHARTERED ACCOUNTANTS)
18 OREMEJI STREET,
ILUPEJU, LAGOS.

MECURE INDUSTRIES LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018.

1. ANNUAL REPORT

The Directors submit their report together with the audited financial statement for the year ended 31 December 2018 in compliance with the relevant standards and laws.

2. STATE OF AFFAIRS:

The Directors express satisfaction with the state of the Company's affairs. As business improves, there is a major expenses on Product developments which is expected to commence in the current year. This have material changes in the Balance Sheet.

3. RESULTS FOR THE YEAR:

	2018	2017
	₦	₦
Operating Profit for the year before taxation	1,164,214,902	1,110,597,851
Taxation	(230,726,441)	(184,355,769)
Profit after taxation	<u>933,488,461</u>	<u>926,242,082</u>
Profit brought forward	<u>5,374,870,817</u>	<u>4,448,628,735</u>
Profit carried forward	<u><u>6,308,359,278</u></u>	<u><u>5,374,870,817</u></u>

4. DIVIDENDS

The operating environment was unstable, notwithstanding the company made some profit during the outgoing year. However there shall be no dividend paid out of it for the outgoing year. The Directors intend to plough back the profit into the business.

5. AUDITORS

Having been appointed as auditor, MESSRS. ALEXANDER JOHNSON & CO. will continue in office in accordance with section 357(2) of the Companies and Allied Matters act, Cap C(20), LFN 2004

BY ORDER OF THE BOARD

LAGOS NIGERIA

MECURE INDUSTRIES LIMITED

FINANCIAL STATEMENT AND ANNUAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2018

DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

This statement which should be read in conjunction with the auditor's report is made with a view to setting out for shareholders, the responsibilities of the directors of the company with respect to the financial statements.

In accordance with the provision of the Companies and Allied Matters Act Cap C(20), Laws of the Federation of Nigeria 2004, the directors are responsible for the preparation of annual financial statements, which give a true and fair view of the state of affairs of the company and the profit or loss for the financial year.

These Responsibilities include ensuring:

- a) Appropriate internal controls are established both to safeguard the assets of the company and to prevent and detect fraud and irregularities:
- b) The company keeps accounting records which disclose with reasonable accuracy, the financial position of the company and which ensure that the financial statement comply with the requirements of the Companies and Allied Matter Act, Cap C 20, Laws of the Federation of Nigeria 2004.
- c) The company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimate and that all applicable accounting standards have followed.

It is also the responsibility of the directors to be satisfied that it is appropriate for the financial statements to be prepared on a going-concern basis unless it is presumed that the company will not continue in business.

BY ORDER OF THE BOARD

COMPANY SECRETARY.



ALEXANDER JOHNSON & CO.

(CHARTERED ACCOUNTANTS)

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Ilupeju, Lagos.
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MECURE INDUSTRIES LIMITED REPORT OF THE AUDITOR ON THE ACCOUNT

Report on the Financial Statements

We have audited the accompanying financial statements of MECURE INDUSTRIES LIMITED, which comprise the balance sheet as at 31 December 2018, the statement of profit or loss, statement of value added, statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20, LFN 2004. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the company has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20, LFN 2004. The financial statements give a true and fair view of the financial position of **MECURE INDUSTRIES LIMITED**, as at 31 December 2018, and of its financial performance and its cash flows for the period then ended; and complying with relevant accounting standards and other generally accepted accounting practice in Nigeria.

ALEXANDER JOHNSON & CO.
(Chartered Accountants)

Alexander Johnson & Co



Lagos, Nigeria

MECURE INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2018

ASSET EMPLOYED	NOTES	2018	2017
Fixed Assets	2	₦ 4,457,974,007	₦ 3,575,606,496
Deferred Asset	3	1,457,848,361	-
Current Assets	5	8,362,226,764	6,231,492,827
Less: Current Liabilities	6	1,536,803,308	873,146,870
Net Current Assets	(5-6)	<u>6,825,423,456</u>	<u>5,358,345,957</u>
Net Total Assets		<u>12,741,245,824</u>	<u>8,933,952,453</u>
FINANCED BY:			
Share Capital Authorized	9	20,000,000	20,000,000
<u>ISSUED AND FULLY PAID</u>			
20,000,000.00 Ordinary shares of ₦1.00 each		20,000,000	20,000,000
Secured Loan	7	6,002,884,101	3,539,081,636
Unsecured Loan	8	410,002,445	-
Retained Profit		6,308,359,278	5,374,870,817
		<u>12,741,245,824</u>	<u>8,933,952,453</u>

The accounting policies on page 9 and the attached notes 1 to 10 form an integral part of these financial statements.



DIRECTOR

DIRECTOR

MECURE INDUSTRIES LIMITED

PROFIT AND LOSS APPROPRIATION ACCOUNT **FOR THE YEAR ENDED 31ST DECEMBER, 2018**

	Notes	2018 ₹	2017 ₹
Turnover		<u>15,172,871,840</u>	<u>11,129,308,410</u>
Net Income before Taxation		1,164,214,902	1,110,597,851
After charging			
Taxation	10	<u>(230,726,441)</u>	<u>(184,355,769)</u>
Net Income after Tax		933,488,461	926,242,082
Retained Profit brought forward		5,374,870,817	4,448,628,735
Retained Profit carried forward		<u>6,308,359,278</u>	<u>5,374,870,817</u>

The accounting policies on page 9 and the attached notes 1 to 10 form an integral part of these financial statements.

MECURE INDUSTRIES LIMITED

TRADING, PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 31ST DECEMBER, 2018**

	Notes	2018 ₹	2017 ₹
Turnover		15,172,871,840	11,129,308,410
Cost of sales	4	<u>(9,873,947,315)</u>	<u>(7,417,065,145)</u>
		5,298,924,525	3,712,243,265
Gross Profit		<u>5,298,924,525</u>	<u>3,712,243,265</u>
Less: Operating Expenses			
Communication Expenses		6,743,698	5,852,083
Consumables		26,832,704	18,472,352
Household Expenses		36,779,243	31,894,646
Insurance		32,993,249	28,658,529
Director Remuneration		48,000,000	48,000,000
Financial Charges		1,165,158,602	1,145,443,318
Marketing and Promotions		783,061,015	79,619,600
Outsourcing Services		37,604,555	27,781,391
Professional and Legal Fee		17,292,341	16,428,265
Public Relation		28,960,057	25,772,060
Regulatory and Licensing fees		8,997,799	8,007,299
Rent		40,236,680	38,143,396
Repairs and Maintenance		72,340,417	49,798,626
Salaries and wages		384,039,403	342,098,229
Staff welfare		16,871,832	14,029,613
Sundry Expenses		678,262	541,608
Transport and Travels		223,833,349	160,464,019
Utilities		164,806,785	136,685,212
R & D Expenses		364,462,090	-
Depreciation	2	<u>675,017,542</u>	<u>423,955,168</u>
Net Profit for the year		<u>4,134,709,623</u>	<u>2,601,645,414</u>
		<u>1,164,214,902</u>	<u>1,110,597,851</u>
		<u>5,298,924,525</u>	<u>3,712,243,265</u>

The accounting policies on page 9 and the attached notes 1 to 10 form an integral part of these financial statements.

MECURE INDUSTRIES LIMITED

STATEMENT OF VALUE ADDED **FOR THE YEAR ENDED 31ST DECEMBER, 2018**

	Notes	2018 #	2017 #
Turnover		15,172,871,840	11,129,308,410
Cost of goods & other external services	4	(11,682,790,316)	(7,990,796,511)
Other Income		3,490,081,524	3,138,511,899
		<u>3,490,081,524</u>	<u>3,138,511,899</u>
<u>APPLIED AS FOLLOWS:</u>			
To Employees			
- as salaries and labour related expenses		437,690,478	410,515,562
To Subscribers			
- as Dividends			
- as Remuneration		48,000,000	48,000,000.00
To Fund Providers			
- as Bank charges		1,165,158,602	1,145,443,318
To Government			
- as company tax	10	230,726,441	184,355,769
Retained Company's future			
- for asset replacement (Depreciation)	2	675,017,542	423,955,168
For expansion (Retained Profit)		933,488,461	926,242,082
		<u>3,490,081,524</u>	<u>3,138,511,899</u>

The value added represent the wealth created through the use of the company's assets by its employees.

MECURE INDUSTRIES LIMITED

Notes to the accounts as at 31st December, 2018

1 ACCOUNTING POLICIES

The following is the summary of significant accounting policies adopted by the company in the preparation of these accounts;

(a) **Accounting Convention**

The accounts have been prepared on the basis of Historical cost convention.

(b) **Fixed Asset**

Fixed asset are stated at cost

Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal annual installments over their useful lives.

Motor Vehicle	15%
Plant & Machinery	15%

(c) **Stocks**

Stocks are valued at lower of cost and net realizable value

(d) **Debtors**

Debtors are stated after the provision of bad and doubtful debt and consideration of bad debt and doubtful recovery

(e) **Deferred R & D Expenses**

This is a product development expenses which is expected to commence in the foreseeable future once completed and approved.

2 FIXED ASSETS SCHEDULES AND PROVISION FOR DEPRECIATION

	Plant & Machinery	Motor Vehicle	Ambulance	E - Pharmacy	Software Development	Total
	₹	₹	₹	₹	₹	₹
Cost	4,189,763,338	49,788,337	592,243,389	2,613,776,097		7,445,571,161
Addition	875,625,680	-	-	-	681,759,373	1,557,385,053
Total	5,065,389,018	49,788,337	592,243,389	2,613,776,097	681,759,373	9,002,956,214
Dep. b/f	3,845,502,015	24,462,650	-	-	-	3,869,964,665
Dep. charged	670,038,708	4,978,834	-	-	-	675,017,542
NBV 31st Dec, 2018	549,848,295	20,346,853	592,243,389	2,613,776,097	681,759,373	4,457,974,007
NBV 31st Dec, 2017	344,261,323	25,325,687	592,243,389	2,613,776,097	-	3,575,606,496

3 Deferred Expenses

	2018	2017
	1,457,848,361	-
	1,457,848,361	-

This is development cost in line with IAS 38 which not qualified to be classified as an expenses or fixed asset.

MECURE INDUSTRIES LIMITED

	2018	2017
	₦	₦
4 Cost of Sales		
Opening stock	5,098,025,750	5,488,722,572
Add: Purchase	11,363,873,138	6,956,846,948
	<u>16,461,898,888</u>	<u>12,445,569,520</u>
Less: Closing stock	(6,622,733,587)	(5,098,025,750)
Forex loss	34,782,014	69,521,375
	<u>9,873,947,315</u>	<u>7,417,065,145</u>
5 Current Assets		
Inventory	6,622,733,587	5,098,025,750
Debtors	427,663,146	441,887,651
Loans and Advances	1,283,122,637	674,287,184
Cash& Bank Balances	28,707,394	17,292,242
	<u>8,362,226,764</u>	<u>6,231,492,827</u>
6 Current Liabilities		
Creditors	284,022,858	443,375,924
Expenses payables	203,305,809	-
Bank Overdraft	a 818,748,200	245,415,177
Taxation	230,726,441	184,355,769
	<u>1,536,803,308</u>	<u>873,146,870</u>
a Bank Overdraft		
Eco Bank	690,422,647	194,930,697
Standard Chartered Bank	52,644,613	50,484,480
Union bank	75,680,940	-
	<u>818,748,200</u>	<u>245,415,177</u>
7 Secured Borrowings		
<u>Letter of Credits</u>		
Standard Chartered Bank	4,393,848,187	3,048,000,000
Eco Bank	431,037,579	306,391,636
Zenith Bank	339,258,113	120,000,000
Union Bank	838,740,222	64,690,000
	<u>6,002,884,101</u>	<u>3,539,081,636</u>
8 Unsecured Borrowings		
Sterling Bank Loan - MHL	410,002,445	-
9 Issued and Paid up		
20,000,000 Ordinary shares of ₦1.00 each	20,000,000	20,000,000
10 Taxation		
Company Income Tax	230,726,441	184,355,769
	<u>230,726,441</u>	<u>184,355,769</u>