

**NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

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**NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED****CORPORATE INFORMATION****DIRECTORS**

ACG (HRD) Rep. By Isa Talatu Mairo	-	Director
ACG (EI & I) Rep. By Dangaladima Aminu A.	-	Director
Compt. Medical Rep. By Dr. Nanadang Nanman	-	Director

**RC NUMBER: 1423243****AUDITORS**

HDA AUDIT  
(Chartered Accountants)  
Hamza Zayyad House  
(Fourth Floor, Suite 9)  
Muhammadu Buhari Road, Kaduna.  
Website: [www.hdaaudit.com](http://www.hdaaudit.com)  
Email: [info@hdaaudit.com](mailto:info@hdaaudit.com)

**BANKERS**

Central Bank of Nigeria

**NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED****REPORT OF THE DIRECTORS**

The Directors have pleasure in submitting to the management team of Nigeria Customs Service Hospitals Limited their account for the year ended 31 December, 2023.

**Activities:**

The principal activity of the Company is to provide health care services.

<b>Operating Results</b>	<b>2023</b> <b>₦</b>	<b>2022</b> <b>₦</b>
Revenue	342,953,593	152,844,471
Medical Expenses	(234,997,750)	(401,291,017)
<b>Operating Profit</b>	<b>107,955,843</b>	<b>(248,446,546)</b>
Administrative Expenses	(6,724,000)	(5,518,650)
Remittance to CRF	(153,150,000)	(1,078,178)
Financial Charges	(4,500)	-
Depreciation	(118,095,395)	(118,095,395)
<b>Profit before Tax</b>	<b>(170,018,051)</b>	<b>(373,138,768)</b>

**Employment and Employees**

The Company gives equal opportunity to all employees and does not discriminate against disable person, as at 31st December, 2023 there was no disable person in the company's employment. The Company continued investing in its employees through comprehensive training programme.

**Fixed Assets:**

Movement in fixed assets in the year are shown on Note 7 on page 36 of the financial Statements.

**Post Balance Sheet Event:**

There was a significant post balance sheet event which was non-adjusting event and thereby could not have an effect on the Company's state of affairs as at 31 December, 2023 and profit for the year ended on that date going by IAS 10.

**NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

**REPORT OF THE DIRECTORS**

**Auditors:**

In accordance with Section 357(2) of the Companies and Allied Matters Acts 1990, Messrs HDA Audit (Chartered Accountants) has indicated their willingness to continue in office as Auditors of the Company.

**BY ORDER OF THE DIRECTORS**

**(COMPANY'S SECRETARY)**

**Abuja, Nigeria.**

**May, 2025**

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies and Allied Matters Act, Cap C20, LFN 2004 requires the Directors to prepare the financial statements, in respect of each financial period, which give a true and fair view of the state of affairs of the Company at the end of the period and of the profit or loss generated by the Company for that period.

In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgments and estimates that are reasonable and prudent
- Ensure that the applicable accountings standards have been followed, and the case of any material departures, have been fully disclosed in the financial statement.
- Prepare the financial statements on the going concern basis, unless it is deemed inappropriate to assume that the company will continue in business.

The Directors are responsible for the proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the Companies are in compliance with the Companies and Allied Matters Act, Cap C20, LFN 2004 and the applicable standards issued by the Financial Reporting Council of Nigeria.

The Directors are also responsible for safe guarding the assets of the Company and for taking all and any reasonable steps to prevent and/or detect fraud and other irregularities.

.....  
**Chairman**

.....  
**Compt. Medical**

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **CORPORATE GOVERNANCE**

Nigeria Customs Service Hospitals Limited ("the company") has over the years built an enviable reputation which has consequently adopted, implemented and applied international best practices in corporate governance service delivery and value creation for all its stakeholders.

The Company's corporate governance principles are embedded in its code of Corporate Governance which represents the core values upon which the company was founded. Code of Corporate Governance is designed to ensure accountability of the Management to stakeholders. For the company's good corporate governance goes beyond just adhering to rules and policies of the regulators: it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the company continuously reviews its code to align with legal regulatory requirements and best practices.

#### **Governing Structure**

##### **The Directors**

##### **Directorship**

The business and affairs of this Company shall be managed by its Management team not less than Two (2) and not more than Seven (7) in numbers. The management members must be resident in Abuja. They may be appointed solely by the Chairman at the Management meeting of the Company and each Management Member shall be appointed for a fixed term as may be decided by the Chairman.

##### **General Meetings**

Meetings of the Management team shall be conveyed by the Chairman of the board when the need arises for any urgent deliberation as it may pertain issues of the Company. The meeting shall at the registered office of the Company or at such other time and place as shall be determined by the Chairman of the Board.

##### **Removal**

Any Member of the Management Team may be removed by the Chairman if there is laxity in discharging his/her duty as required.

##### **Roles & Responsibilities**

These duties of the Management team may be delegated to a subcommittee of the Directors or at the Chairman of the Board.

- 1) The Chairman/Directors of Nigeria Customs Service Hospitals Limited shall be the board of directors which establishes policy, directs the activities of the appointed Management Team Member and approves all actions pertaining to the business of Nigeria Customs Service Hospitals Limited.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **CORPORATE GOVERNANCE**

- 2) The Chairman/Directors must approve all new policies and policy revisions before being incorporated into the policy manual if any.
- 3) The Chairman/Directors approves the procedure manual of each committee if available.
- 4) The budget (If any) of Nigeria Customs Service Hospitals Limited shall be presented and approved by the Chairman/Directors prior to its effective date. The Chairman/Directors reviews Management and officers' reports and make recommendations concerning the Hospitals' activities.
- 5) The Chairman/Directors has the responsibility for retaining an external auditor. The Chairman/Directors evaluates the performance of the auditor on an annual basis prior to renewal of his / her contract.
- 6) Approve the mission of Nigeria Customs Service Hospitals Limited and review management's performance in achieving it.
- 7) Annually assess the ever-changing environment and approve the Hospitals' strategy in responding to the inevitable change.
- 8) Annually review and approve the operational plans and annual financial report.
- 9) The Chairman/Directors will at least meet four times during the calendar year.
- 10) An officer owes his / her loyalty to the organization and may not without permission of the Chairman/Directors use their position as officer to his / her own advantage.
- 11) An officer or director may not be a designated representative of two organizations that have a conflict of interest.
- 12) Nigeria Customs Service Hospitals Limited Management Member may not serve as an officer of another organization whose primary or secondary activity is related to the activities of Nigeria Customs Service Hospitals Limited.

#### **Organizational Tasks**

- 1) Appoint members, appraise, advise, stimulate, support, reward and if deemed necessary or desirable change top Management regularly. Discuss with the General Manager/CEO matters that at concern to that person or to the Chairman/Directors.
- 2) Annually approve the performance review of the General Manager/CEO matters and establish compensation based on recommendations of the Chairman/Directors.
- 3) Be assured that management succession is properly planned.
- 4) Be assured that the organizational strength and employee base can substantiate long-range goals.
- 5) Approve appropriate compensation and benefit policies and practices.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **CORPORATE GOVERNANCE**

- 6) Annually review the performance of the Management (including its composition, organization and responsibilities) and take steps to improve its performance.

#### **Operational Tasks**

- 1) Review results achieved by management compare with the organization's mission and annual long-range goals. Compare the performance of Nigeria Customs Service Hospitals with that of similar institutions.
- 2) Be certain that the financial structure of Nigeria Customs Service Hospitals Limited will accurately support its current needs and long-range strategy.
- 3) Provide candid and constructive criticism, advice and components to the management.
- 4) Approve major actions of Nigeria Customs Service Hospitals Limited such as capital expenditures on all projects over authorized limit and major changes in programs and services.

#### **Audit Tasks**

- 1) Ensure that the Chairman/Directors and its committees are adequately informed of the financial condition of the organization and its operations through reports or any appropriate method.
- 2) Ensure that published reports properly reflect the operating results and financial condition of Nigeria Customs Service Hospitals Limited.
- 3) Ensure that management has established appropriate policies to define conflicts of interest throughout Nigeria Customs Service Hospitals Limited and it's diligent in its administration and enforcement of those policies.
- 4) Appoint independent auditors subject to approval by Chairman/Director.
- 5) Review compliance with relevant material laws affecting the organizations and its programs and operations.

#### **Confidentiality**

Confidentiality is a hallmark of professionalism, Nigeria Customs Service Hospitals Limited's Chairman/Directors must:

- 1) Ensure that all information which is confidential or privileged or which is not publicity available is not disclosed inappropriately.
- 2) Ensure that all non-public information about other persons of firms acquired by Nigeria Customs Service Hospitals Limited personnel in dealing with outside companies on behalf of Nigeria Customs Service Hospitals Limited is treated as confidential and not disclosed.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **CORPORATE GOVERNANCE**

#### **Roles of Chairman and Chief Executive**

The roles of the chairman of the Board and chief Medical Director are separate and no one individual combines the two positions.

#### **Chairman**

The Chairman is the Senior Leader of the Management Team of Nigeria Customs Service Hospitals Limited who presides at all Management meetings of the Hospitals, other meetings as required and to guide the Management team in the enforcement of all policies and regulations relating to Nigeria Customs Service Hospitals Limited.

The Chairman oversees implementation of corporate and local policies and ensures that appropriate administrative systems are established and maintained.

#### **Key Responsibilities**

- 1) Works with the Management Team and Company Secretary (If any) to develop the agendas for Management meetings and presides at all Management and business meetings.
- 2) Appoints Management Member to key leadership position including positions as General Manager/CEO and service committees as appropriate with Management Team approval.
- 3) Serve as the executive, budget and finance and other committees as appropriate.
- 4) Works with the Management Team and paid leadership in accordance with Nigeria Customs Service Hospitals Limited. By Laws to establish and maintain systems

#### **for:**

- i. Planning the human and financial resources for Nigeria Customs Services Hospitals Limited and for setting priorities for future development and growth.
  - ii. Reviewing operational and service effectiveness and setting priorities for future development and growth.
  - iii. Controlling fiscal affairs.
  - iv. Acquiring, maintaining and disposing of property.
  - v. Maintaining a public relations program to ensure community involvement.
  - vi. Ensuring ethical standards are maintained.
- 5) Be directly responsible to the board of directors for the administration of the Nigeria Customs Service Hospitals Limited.
  - 6) Serve as the official representative and spokesperson for Nigeria Customs Service Hospitals Limited.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **CORPORATE GOVERNANCE**

- 7) Perform any other duties that are necessary for the success of Nigeria Customs Service Hospitals Limited.

#### **Comptroller Medical (Chief Executive Officer)**

The Comptroller Medical is responsible for the overall administration and management of Nigeria Customs Service Hospitals Limited business operations. Areas of responsibility include planning and evaluation, policy development and administration, personnel and fiscal management and public relations and provision of quality services to the community and he / she is directly accountable (responsible and reporting) to the Chairman/Directors of Nigeria Customs Service Hospitals Limited.

#### **Responsibilities**

The Comptroller Medical executes the powers delegated to him in accordance with guidelines approved by the Chairman/Directors some of which are **to:**

- 1) Develop and facilitate / direct an active planning process for achieving the philosophy, mission, strategy annual goals and objectives of Nigeria Customs Service Hospitals Limited.
- 2) Develop organizational goals and objectives consistent with the mission and vision of Nigeria Customs Service Hospitals Limited.
- 3) Develop and administer operational policies.
- 4) Oversees all activities and services including business development to ensure that Nigeria Customs Service Hospitals Limited's objectives are met.
- 5) Ensure compliance with regulatory requirements.
- 6) Provide information for evaluation of the organization's activities.

#### **Company Secretary (If Any)**

The Company Secretary shall attend all sessions of the Management meetings and act as clerk and record all the votes of the Company and the minutes of all its transactions in a book to be kept for that purpose and shall perform like duties for all given notice of all meetings of the Management Team and Chairman/Directors, and shall perform such other duties as may be prescribed by the Chairman/Directors, and under whose supervision he / she shall be. He / she shall keep in safe custody the corporate seal of the company (If any), and when authorized by the Chairman/Directors, affix the same to any instrument requiring it.

As we set stretch goals for ourselves over the coming years, we pledge to measure our successes through the prism of sustainability. We invite you to join us as partners with an independent voice.

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

We have audited the accompanying financial statements of Nigeria Customs Service Hospitals Limited ('the Company') which comprise the statement of financial position as at 31<sup>st</sup> December 2023, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 30.

***Directors' Responsibility for the Financial Statements***

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, to the extent that they do not conflict with the requirements of IFRS. This responsibility includes designing, implementing and maintaining internal control systems 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.

***Auditor's 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 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 our judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the 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 control. 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 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 of Nigeria, the Financial Reporting Council of Nigeria Act, 2011. The financial statements give a true and fair view of the financial position of Nigeria Customs Service Hospitals Limited as at December 31, 2023 and of its financial performance and its cash flows for the year ended, in accordance with the International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements comply with the requirements of the Companies and Allied Matters Act 1990 and give a true and fair view of the State of the Company's affairs as at 31<sup>st</sup> December, 2023 and of the loss for the year ended on that date.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the statement of financial position and the statements of comprehensive income are in agreement with the books of account.

**Kayode Surajudeen, FCA**  
**FRC/2017/ICAN/00000016933**  
**For: HDA Audit (Chartered Accountants)**  
**Kaduna, Nigeria.**  
**May, 2025**

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **FOR THE YEAR ENDED 31 DECEMBER, 2023**

#### **Basis of Preparation**

##### **1. Reporting entity**

**Nigeria Customs Service Hospitals Limited** was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company, and is domiciled in Nigeria. The address of its registered office is No 1 Nigeria Customs Service, National Headquarters Abijan Street, Wuse Zone 3, Abuja, FCT. The Company is principally engaged in providing health care services.

##### **2. Basis of Accounting**

###### **(a) Statement of Compliance**

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, to the extent that they do not conflict with the requirements of IFRS. These are the Company's first set of financial statements respectively prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company for comparative periods reported under Statement of Accounting Standards (SAS) issued by the Financial Reporting Council of Nigeria (previous GAAP) has been disclosed in notes to the financial statements.

The financial statements were authorized for issue by the Board of Directors on .....

###### **(b) Basis of measurement**

The financial statements have been prepared under the historical cost basis except for the followings;

- Financial instruments designated at Fair Value through Profit or Loss is measured at fair value.

- Available for sale financial instruments are measured at fair value.

- Properties are carried at fair value.

##### **3. Functional and presentation currency**

Items included in these financial statements using the currency that best reflects the primary economic environment in which the entity operates Nigeria Naira. These financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands, except when otherwise indicated.

**NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 31 DECEMBER, 2023****4. Presentation**

The financial statements are prepared on the going concern basis of accounting. The statement of financial position is presented based on liquidity. The income statement is presented on the function of expense method, with sub classification by nature provided in the notes. In the statement of cash flows, the cash flows from operating activities are reported on the indirect method. The financial statements are presented in Nigerian Naira which is the functional currency of the company

**5. Transition election**

In preparing these financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions from full retrospective application of IFRS and stated any mandatory exceptions and optional exceptions (if any).

**6. Use of judgements and estimates**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in notes to the financial statements.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **FOR THE YEAR ENDED 31 DECEMBER, 2023**

#### **7. Effective standards and amendments with forthcoming requirements**

##### **Effective standards and Interpretations**

<b>Effective Date</b>	<b>New Standards or amendments</b>	<b>Relevant Sections in this guide</b>
1 July 2015	Presentation of items of other comprehensive income (Amendments to IAS 1)	Statement of other comprehensive income
1 January 2015	IFRS 13 Fair value measurement	
1 January 2015	IAS 19 Employees Benefit (2011)	
1 January 2013	IAS 27 Separate financial statements (2011)	Illustrated in these financial statements
1 January 2013	IAS 28 Investment in Associates and joint ventures (2019)	
1 January 2013	IFRICS 20 Stripping costs in the production phase of a surface mine	Not applicable

#### **8. Annual Improvements**

These annual improvements address six issues in the reporting cycle. It includes changes to the accounting policies set out below have been applied consistently to all years presented in these financial statements and in preparing the opening IFRS statements of financial position at 1 January 2019 for the purposes of the transition to IFRS, unless otherwise indicated.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **FOR THE YEAR ENDED 31 DECEMBER, 2023**

#### **9. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value. Operating bank balances are included in bank and other cash balances.

#### **10. Financial assets**

##### **10.1 Classification**

The Company recognised a financial asset in the statement of financial position when, and only when, it becomes a party to the contractual provision of the instrument. The Company classifies financial assets into; financial assets at fair value through profit or loss, Loans and receivables, Held-to-maturity financial asset and Available-for-sale financial assets

##### **10.2. Recognition and measurement**

*IFRS 13* For financial instruments traded in active markets; the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange NSE) and broker quotes from the Financial Markets Dealer Association.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regulatory occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid -offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in

respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting date.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **FOR THE YEAR ENDED 31 DECEMBER, 2023**

#### **10.2.1 Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss include 'financial assets held for trading' or 'assets designated as such on initial recognition'. Financial assets classified as 'held for trading' are acquired principally for the purpose of selling in the short term.

Financial assets designated at fair value through profit or loss are investments the Company manages and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets included in this category are recognised initially at fair value and changes therein, including any interest or dividend income are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

#### **10.2.2 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- ✓ Those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the Company upon initial recognition designates as at fair value through profit or loss;
- ✓ those that the Company upon initial recognition designates as available for sale; or
- ✓ Those that the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for in the statement of comprehensive income.

#### **10.2.3 Held-to-maturity financial assets**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

- ✓ Those that the Company upon initial recognition designates as at fair value through profit or loss; - those that the Company upon initial recognition designates as available for sale; or
- ✓ Those that meet the definition of loans and receivables.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **FOR THE YEAR ENDED 31 DECEMBER, 2023**

Interests on held to maturity investments are included in the statement comprehensive income and are reported as investment income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income as 'Impairment losses on investment securities'.

Held to maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

#### **10.2.4 Available-for-sale financial assets**

Available-for-sale financial assets include equity securities. The Company classifies as available-for-sale those financial assets that are generally not designated as other category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available for sale financial investments are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised (as a result of impairment or sale), the gain or loss accumulated in equity is reclassified to profit or loss.

#### **10.2.5 Trade receivables**

Receivables are stated after writing off bad debts and deducting provisions made for other specific debts considered doubtful of recovery.

Judgement is exercised to make allowance for trade receivables doubtful of recovery by reference to the financial and other circumstances of the debtor in question. Based on the credit terms and historical experience regarding trade receivables, the company makes a collective impairment allowance for doubtful debt.

### **10.3. Reclassification of financial assets**

Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of held for trading or available for sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **FOR THE YEAR ENDED 31 DECEMBER, 2023**

#### **10.4. Impairment of financial assets**

At the end of each reporting period, the Company assesses whether its financial assets (other than those at FVTPL) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of ) financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial assets because of financial difficulties, etc.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial assets would have been had the impairment not been recognised at the date the impairment is reversed. IAS 39:69, 70, IFRS 7:13B.

For available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. In respect of available-for-sale equity securities, an increase in fair value.

## **NIGERIA CUSTOMS SERVICE HOSPITALS LIMITED**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** **FOR THE YEAR ENDED 31 DECEMBER, 2023**

Subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

#### **10.5. Offsetting financial instruments**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

#### **11. Other receivables and prepayments**

Other receivables and prepayments are carried at amortised cost less any accumulated impairment losses. Prepayments are amortised on a straight-line basis to the profit or loss.

#### **12. Investment in associates and joint ventures**

Associates are entities, including an unincorporated entity such as partnership, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have the right to the net assets of the arrangement. Furthermore, a joint control is the contractually agreed sharing control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

IAS 28.10-11 Associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, any difference between the cost of the investment and the investor's

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Share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with IFRS 3 Business Combinations. The goodwill (net of any accumulated impairment loss) relating to an investment in an associate is included within the carrying amount of that investment.

The Company's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of the post-acquisition movements in the other comprehensive income is recognised in the other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment. If the Company's share of losses of an associate and joint venture equals or exceeds its interest in the associate, the Company does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits on Company transactions with associates are eliminated to the extent of the Company's interest in the relevant associate and joint venture whereas balances arising from unsettled trading transactions with associates are not eliminated.

Other long-term interest in associate such as preference share, long term receivables and loans for which settlement is neither planned nor likely in the foreseeable future are included in the Company's net investment in the associate.

### **13. Leases**

#### **13.1 Determining whether an arrangement contains a lease**

The determination of whether an arrangement contain a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### **13.2 Finance lease**

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the outstanding balance of the liability. The corresponding lease obligations, net of finance charges, are included in liabilities. The finance cost is charged to the income statement over the lease period according to the effective interest method. The leased asset under the finance lease is depreciated over the shorter of the useful life of the asset and the lease term on a straight-line basis over the period of the lease, if ownership does not pass at the end of the lease term.

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#### **13.3 Operating lease**

Leases where substantially all the risks and rewards incidental to ownership have not been transferred to the company are classified as operating leases. Payments made are charged to the income statement on a straight-line basis over the period of the lease.

#### **14. Non-current asset held for sale**

Non-current asset are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and expected to be completed within one year from classification and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of carrying value and fair value less cost to sell.

#### **15. Investment properties**

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both. Investment property is initially recognized at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. An investment property is subsequently measured in accordance with IAS 16 (Property, Plants and Equipment).

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Company; otherwise they are expensed as incurred.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business. The Company separately accounts for a dual-purpose property as investment property if it occupies only an insignificant portion otherwise, the portion occupied by the Company.

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

##### **16.1 Recognition and measurement**

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised 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, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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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.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, plant and equipment, and are recognized as profit or loss in the statement of comprehensive income.

#### **16.2 Subsequent measurement**

After initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the group. Ongoing repairs and maintenance are expensed as incurred.

#### **16.3 Depreciation**

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of capital-work-in-progress, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using a straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another 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.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

<b>Item of PPE</b>	<b>Depreciation rate</b>
Plant & Medical Equipment	12.5%
Office Equipment	15%
Furniture & Fittings	15%
Motor Vehicles	25%
Building	2%
Computer & Allied Equipment	15%

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The carrying value of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss (determined by comparing net disposal proceeds with carrying amount) arising on derecognition of the asset is included in the income statement in the year the item is derecognised.

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An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. No property, plant and equipment was impaired as at 31 December 2023 (2022: nil).

#### **17. Intangible assets**

##### **Separately acquired intangible assets**

On initial recognition, intangible assets acquired separately (e.g. software) are measured at cost. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any other directly attributable cost of preparing

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful life of computer software for the current and comparative years is xx years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss (determined by comparing net disposal proceeds with carrying amount) arising on derecognition of the asset is included in the income statement in the year the item is derecognised.

#### **18. Impairment of non-financial assets**

##### **Impairment of property, plant and equipment and intangible assets**

The carrying amounts of such assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognized if the carrying amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit or loss

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflects the time value of money and the risks specific to the unit whose impairment is being measured.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there have been separately identifiable cash inflows (cash-generating units).

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The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **19. Financial liabilities**

##### **19.1 Recognition and measurement**

The Company recognised a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provision of the instrument. On initial recognition, the Company recognises all financial liabilities at fair value. The fair value of a financial liability on initial recognition is normally represented by the transaction price. The transaction price for financial liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the issue of the financial instrument. Transaction costs incurred on issue of a financial liability classified at fair value through profit or loss are expenses immediately. Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The Company classifies financial liabilities into: *Financial liabilities at fair value through profit or loss and other financial liabilities.*

##### **19.1.1 Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include 'financial liabilities held for trading' or 'liabilities designated as such on initial recognition'. Financial liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the short term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the condition for designation in this category. All changes in fair value relating to financial liabilities at fair value through profit or loss are charged to the income statement as they arise.

The Company did not have any financial liability that meet the classification criteria for held for trading and did not designate any financial liabilities as at fair value through profit or loss.

##### **19.1.2 Other financial liabilities**

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured cost using the effective interest method.

The Company has the following non-derivative financial liabilities: trade and other payables, bank overdraft, borrowings and debt securities in issue which is the convertible bond. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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#### **(a) Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. Trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

#### *Unearned commission and fee*

Funds received in respect of commission and fee not yet earned is accounted for as 'unearned commission and fee'.

#### **(b) Borrowings**

Borrowings are recognised initial at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method

Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## **20. Employee benefits**

### **20.1 Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts in respect of all employee benefits relating to employee service in current and prior periods.

#### *Pension Scheme*

In line with the provisions of the Pension Reform Act 2004, the Company have instituted a defined contribution pension scheme for their permanent staff. Staff contributions to the scheme are funded through payroll deductions. Obligations for contributions to the defined contribution plan are recognised as employee benefit expense in profit or loss in the periods which related services are rendered by employees. Both the employees and employer contribute 7.5% of Basic salary, Transport & Housing Allowances to the Fund on a monthly basis.

### **20.2 Defined benefit plan**

The Company operates a non-contributory defined benefits service gratuity scheme for its employees. The employees' entitlement to retirement benefits under the service gratuity scheme depends on the individual years of service, terminal salary and condition of service. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation

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at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rate of Federal Government Bonds of Nigeria as High-Quality Corporate Bonds are not

Actuarial gains and losses are recognised in full in other comprehensive income when they occur. Past-service costs are recognised immediate in income.

#### **20.3 Short-term benefits**

Wages, salaries, paid annual leave, sick leave, bonuses and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees to the Company have not been paid.

#### **20.4 Share based payment**

The Company operates a cash-settled share based compensation plan (i.e. share appreciation rights-SARs) for its management personnel. The management personnel are entitled to the share appreciation rights at a pre-determined price. The fair value of the amount payable to the employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to the payment. The liabilities are premeasured at each reporting date and at settlement date. Any changes in the fair value of the liabilities are recognised as personnel expense.

### **21. Provisions, contingent liabilities and contingent assets**

#### **21.1 Provisions**

Provisions are liabilities that are uncertain in amount and timing. A provision is recognised 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 pre-tax cash flows at a 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.

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### **21.2 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 the

Company has a present obligation as a result of past event. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities

Normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur. Contingent liabilities are disclosed in the financial statement when they arise.

### **21.3 Contingent assets**

A contingent asset is a possible asset 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. Contingent assets are not recognised but are disclosed in the financial statement when they arise.

## **22. Income Tax**

Income tax expense represents the sum of current tax expense and deferred tax expense. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit or loss as reported in the income statement, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

## **23. Equity**

### **23.1 Share Capital and Share Premium**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity when there is no obligation to transfer cash and other assets.

### **24.2 Dividends on ordinary shares**

Dividends on ordinary shares are recognised as liabilities in the period when they are declared i.e. the dividends are appropriately authorised and no longer at the discretion of the entity) and approved at the Shareholders' Annual General Meeting.

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Dividends for the year that are declared after the date of the statement of financial position are disclosed in the subsequent events note.

Dividends proposed but not yet approved are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

### **23.3 Treasury shares**

The cost of treasury shares purchased is shown as a deduction from equity in the statement of financial position. When treasury shares are sold or reissued they are credited to equity. As a result, no gain or loss on treasury shares is included in the statement of comprehensive income.

### **23.4 Convertible bonds**

When convertible bonds are issued, the proceeds (net of issue costs) are split to separately identify a liability component (equal to the net present value of their scheduled future cash flows applying interest rates at the date of issue of similar bonds that do not have a conversion option). The remainder of the issue proceeds is deemed to relate to the conversion option and is credited to an equity reserve. The liability component is carried at amortised cost until extinguished on conversion of the option or maturity of the bond. The equity component is not subsequently remeasured.

### **23.5 Retained earnings**

The retained earnings comprise of undistributed profit/(loss) from previous years and current year. Retained earnings are classified as part of equity in the statement of financial position

### **24 Revenue**

Revenue comprises income from medical services and other incomes which are recognised when earned.

### **25 Finance income and finance costs**

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Group holds such financial assets and impairment losses recognized on financial assets (other than trade receivables).

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and

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unrealized fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred, except to those that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset.

#### **26. Management expenses**

Management expenses are expenses other than claims. They are accounted for on an accrual basis. This include auditors' remuneration, consulting fees, direct property expenses, information technology expenses, marketing costs, indirect taxes and other expenses not separately disclosed.

#### **27. Foreign exchange transactions**

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange prevailing at that date.