



NEVEAH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 MAY 2021

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CORPORATE INFORMATION

Board of Directors	Oluwabiyi Ajibade Emmanuel Ibidapo Lawal Abidemi Lawal Akindoyin Akinbiyi Olaposi Stephen Okechukwuyem Ojji	Chairman Chief Executive Officer Director Director Director
Company Secretary	Aluko & Oyebode Secretarial Services Limited 1, Muritala Muhammed Drive Ikoyi, Lagos	
Registered office	Plot 2940, Aguiyi Ironsi Street, Maitama, Abuja.	
External auditors	Deloitte & Touche (Chartered Accountants) 4th Floor, Bank of Industry Building Plot 256 Zone A0 Cadastral Off Herbert Macaulay Way Central Business District Abuja, FCT	
Bankers	Eco Bank Limited United Bank for Africa Plc Zenith Bank Plc Fidelity Bank Plc Keystone Bank Limited Guaranty Trust Bank Plc	

RESULTS AT A GLANCE

	31-May-21 N'000	31-May-20 N'000	% Change
Revenue	2,340,330	1,245,856	87.85
Profit before taxation	43,057	76,531	(43.74)
Profit for the year	36,626	69,394	(47.22)
Total comprehensive income for the year	36,636	69,394	(47.22)
Retained earnings	131,471	94,845	38.62
Share capital	10,000	5,200	92.31
Shareholders' fund	141,471	100,045	41.41
PER SHARE DATA:			
Based on 10,000 (2020:5,200) million ordinary shares of N1.00 each:			
Earnings per share (Naira):			
- Basic	3.66	13.35	(72.55)
Net assets per share (Naira)			
- Basic	14	19	(26.47)
Number of employees (number)	30	17	76.47

DIRECTOR'S REPORT

The directors submit their report for the year ended 31 May, 2021.

1. INCORPORATION

The company was incorporated on 25th July, 2014 and obtained its certificate to commence business on the same day.

2. PRINCIPAL ACTIVITIES

The company is a commodities trading company engaged in export of Agro-commodities and also trading in solid minerals.

3. RESULTS FOR THE YEAR

Comparative highlights of the operational results of the Company for the years ended 31 May, 2021 and 2020 are as stated in the table below.

	31-May-21 N'000	31-May-20 N'000
Turnover	2,340,330	1,245,856
Profit after tax	36,626	69,394

4. MAIN BUSINESS AND OPERATIONS

In the year under review, and in the operating environment, Neveah Limited, in the opinion of the Directors, performed satisfactorily.

Save as herein disclosed, no other events have occurred since the statement of financial position date, which would affect the Financial Statements.

The Company intends to carry on fulfilling objectives as indicated in its Memorandum and Articles of Association.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

5. DIRECTORS' INTEREST IN CONTRACTS

1 The directors of the company during the year and to the date of this report are as follows:

Name

Oluwabiyi Ajibade Emmanuel	-	Chairman
Ibidapo Lawal	-	Chief Executive Officer
Abidemi Lawal	-	Director
Akindoyin Akinbiyi Olaposi	-	Director
Stephen Okechukwuyem Ojji	-	Director

2 None of the Directors has notified the company for the purposes of section 303 of the Companies and Allied Matters Act 2020, of any disclosable interest in contracts in which the Company was involved as at 31 May 2021.

6. AUTHORISED AND ISSUED SHARE CAPITAL

The authorized share capital is 10,000,000 Ordinary Shares and issued share capital was 5,200,000 Ordinary Shares as at 31 May 2020, with additional issue of 4,800,000 share capital in 2021.

DIRECTOR'S REPORT

7. Directors' Shareholding

The direct and indirect interest of Directors in the issued share capital of the Company are as recorded in the Register of Directors' Shareholdings and/or as notified by them for the purposes of section 301 of the Companies and Allied Matters Act 2020 are as follows:

	Number of shares held at 31 May 2021	Number of shares held at 31 May 2020
Ibidapo Lawal	9,900,000	5,100,000
Abidemi Lawal	100,000	100,000

There are no changes in the above holdings after the year end.

8. Dividends

The Directors did not recommend the payment of dividend during the financial year.

9. Employment and Employees**9.1 Employment of disabled**

It is the policy of the company that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunity to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

9.2 Employee involvement and training

The company is committed to keeping employees informed as far as possible regarding the company's performance and progress and seeking their views whenever practicable on matters which particularly affect them as employees.

Management, professional and technical expertise are the company's major assets and investment in developing such skills continues.

The company's schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these include bonus, promotion etc.

9.3 Health, safety at work and welfare of employee

Health and safety regulations are in force within the company's premises and employees are aware of existing regulations. The company provides free medical attention as well as allowances for transportation and housing to all levels of employees.

10. Auditors

Deloitte & Touche have indicated their willingness to continue in office in accordance with section 401 (2) of the Companies and Allied Matters Act of Nigeria, 2020.

A resolution will be proposed authorising the directors to determine their remuneration.

By order of the Board


A & O SECRETARIAL SERVICES LTD.
Company Secretary

Abisola Onadipe
FRC/2013/ICSAN/00000005509
Company Secretary
Lagos, Nigeria
28 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

The Directors of **Neveah Limited** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the company as at 31 May 2021 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

Going Concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

- audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;


We state that management and directors:

- are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared
- has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and
- certifies that Company's internal controls are effective as of that date;

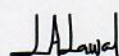
We have disclosed:

- all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
- whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and
- as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Company for the year ended 31 May 2021 was approved by the directors on 28 September 2021.

SIGNED ON BEHALF OF THE DIRECTORS OF THE COMPANY


Oluwabiyi Ajibade Emmanuel
Chairman
FRC/2021/003/00000023111
28 September 2021



Ibidapo Lawal
Chief Executive Officer
FRC/2021/003/00000022830
28 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEVEAH LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Neveah Limited** set out on pages 9 to 49, which comprise the statements of financial position as at 31 May 2021; the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of **Neveah Limited** as at 31 May 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020 and Financial Reporting Council Act, 2011.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 5 to the financial statements on restatement of certain comparative figures in the financial statements. The comparative figures in the current year financial statements have been restated due to material differences noted between the books of accounts and returns for those periods and the information as disclosed in the prior year financial statements. Relevant adjustments have been effected in order to appropriately state the comparative figures included in the current year financial statements.

Other matter

The financial statements of the Company for the year ended 31 May 2020 were audited by the predecessor Auditor who expressed an unqualified opinion on the financial statements on 4th February 2021. We have reviewed the comparative figures for the prior period and noted material deviations for which relevant adjustments have been effected to appropriately restate the prior year balances in the current year financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and statement of Directors' responsibilities which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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





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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions 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

In accordance with the Fifth Schedule of Companies and Allied Matters Act 2020, we expressly state that:

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

The engagement partner on the audit resulting in this independent auditors' report is Ngozika Emeka-Eze.



Signing Partner: Folorunso Hunga, FCA
FRC/2013/ICAN/00000001709
For: Deloitte & Touche
Chartered Accountants
Abuja, Nigeria
29 September, 2021



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


	31-May-21	31-May-20
Note	N'000	Restated N'000
Revenue	6 2,340,330	1,245,856
Cost of sales	7 (2,555,240)	(1,134,091)
Gross (loss)/profit	(214,910)	111,765
Other income	8 512,008	79,893
Administrative expenses	9 (232,661)	(115,127)
Operating profit	10 64,437	76,531
Finance costs	11 (21,380)	-
Profit before taxation	43,057	76,531
Taxation	12 (6,431)	(7,137)
Profit for the year	36,626	69,394
Other Comprehensive Income		
Items that cannot be reclassified into profit or loss:	-	-
Items that may not be reclassified into profit or loss:	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	36,626	69,394
Based on 10,000,000 (2020: 5,200,000) ordinary shares of N1 each: Earnings per share (Naira)	3.66	13.35

The accompanying notes on pages 13 to 46 and other national disclosures on pages 48 and 49 form an integral part of these financial statements.


STATEMENT OF FINANCIAL POSITION

	Note	31-May-21 N'000	31-May-20 Restated N'000
Assets			
Non-current assets			
Property, Plant & Equipment (net)	13	230,561	22,597
Total non-current assets		230,561	22,597
Current assets			
Inventories	14	102,182	144,139
Other assets	15	4,735	3,471
Trade and other receivables	16	116,364	80,356
Cash and bank balances	17	10,118	22,349
Deferred tax	21	-	154
Total current assets		233,399	250,469
Total Assets		463,960	273,066
Equity and Liabilities			
Equity			
Share capital	18	10,000	5,200
Retained earnings	19	131,471	94,845
Total equity		141,471	100,045
Current liabilities			
Deferred tax	21	324	-
Current tax liabilities	12.1	8,331	7,291
Trade and other payables	22	120,670	164,905
Deposit for shares	23	150,000	-
Accrued expenses	24	5,550	825
Borrowings	25	37,614	-
Total liabilities		322,489	173,021
Total equity and liabilities		463,960	273,066

The financial statements on pages 9 to 49, were approved by the board on SEPTEMBER 28, 2021 and were signed on its behalf by:



Oluwabiyi Ajibade Emmanuel
(Chairman)
FRC/2021/003/00000023111



Ibidapo Lawal
(Chief Executive Officer)
FRC/2021/003/00000022830

The accompanying notes on pages 13 to 46 and other national disclosures on pages 48 and 49 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital N'000	Retained earnings N'000	Total equity N'000
Balance at 1 June, 2019	1,000	25,451	26,451
Additional share issues	4,200	-	4,200
Profit for the year	-	69,394	69,394
Balance at 31 May, 2020	5,200	94,845	100,045
Additional share issues	4,800	-	4,800
Profit for the year	-	36,626	36,626
Balance at 31 May, 2021	10,000	131,471	141,471

STATEMENT OF CASH FLOWS

	Note	31-May-21 N'000	31-May-20 Restated N'000
Cash flows from operating activities			
Profit for the year		36,626	69,394
Adjustments for:			
Depreciation of property, plant and equipment	13	14,405	3,952
Finance cost	11	21,380	-
Deposit for shares	23	150,000	-
Interest income	8	(50)	(177)
Income tax paid	12.1	(4,913)	(917)
Adjustments to property, plant and equipment	13	-	12,593
Operating cash flows before movements in working capital		217,448	84,845
Decrease in inventories		41,957	25,886
(Increase) in trade and other receivables		(36,008)	(73,540)
(Increase) in other assets		(1,264)	(3,471)
(Decrease) in trade and other payables		(44,235)	(18,333)
Increase in accrued expense		4,725	825
Increase/(decrease) in deferred tax liabilities		478	(154)
Increase in income tax payable		5,953	7,291
Net cash generated by operating activities		189,054	23,349
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(222,369)	(25,473)
Interest received	8	50	177
Net cash used in investing activities		(222,319)	(25,296)
Cash flows from financing activities			
Loan obtained	25.1	145,000	-
Loan repayment	25.1	(108,333)	-
Loan interest paid	25.2	(20,433)	-
Share issue	18	4,800	4,200
Net cash provided by financing activities		21,034	4,200
Net (decrease)/increase in cash and cash equivalents		(12,231)	2,253
Cash at the beginning of the year		22,349	20,096
Cash and cash equivalents at the end of the year		10,118	22,349

The accompanying notes on pages 13 to 46 and other national disclosures on pages 48 and 49 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

1.1 Legal form

Neveah Limited is a registered limited liability company incorporated in 2014 with RC No 1206949 and registered with Nigerian Export Promotion Council (NEPC) with registration number no 6677 to export commodities from Nigeria.

1.2 Principal activities

Neveah Limited is a commodities trading company which deals in export of Agro-commodities such as dried hibiscus flower, dried split ginger, natural white sesame seed, peanuts, and also trading of solid minerals such as Lead ore, Columbite, Wolframite. The Company currently exports to United States, Spain, Germany, Portugal, UAE, India and China.

1.3 Going concern status

The financial statements have been prepared on a going concern basis. The management has determined that there are no threats or other factors that significantly affect the continued existence of the Company in the foreseeable future.

1.4 Financial period

These financial statements cover the financial period from 1 June 2020 to 31 May 2021 with comparatives for the year ended 31 May 2020.

NOTES TO THE FINANCIAL STATEMENTS

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 Accounting standards and interpretations issued and effective

The following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
<p>Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)</p>	<p>In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.</p> <p>The amendments have no material impact on the disclosures, or the amounts recognized in the entity's financial statement.</p>	<p>1 January 2020</p>
<p>Covid-19-Related Rent Concessions (Amendment to IFRS 16)</p>	<p>In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.</p> <p>The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all the following conditions are met:</p> <p>a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.</p> <p>b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and</p> <p>c) There is no substantive change to other terms and conditions of the lease.</p> <p>The amendments have no material impact on the disclosures, or the amounts recognized in the entity's financial statement.</p>	<p>1 January 2020</p>

NOTES TO THE FINANCIAL STATEMENTS

2.1 Accounting standards and interpretations issued and effective (cont'd)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
<p>Amendments to References to the Conceptual Framework in IFRS Standards</p>	<p>The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements regarding references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p> <p>The amendments have no material impact on the disclosures, or the amounts recognized in the entity's financial statement.</p>	<p>1 January 2020</p>
<p>Definition of a Business (Amendments to IFRS 3)</p>	<p>The amendment is aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.</p> <p>The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:</p> <ul style="list-style-type: none"> > clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. > narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. > add guidance and illustrative examples to help entities assess whether a substantive process has been acquired. > remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and add > an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. <p>The amendments have no material impact on the disclosures, or the amounts recognized in the entity's financial statement.</p>	<p>1 January 2020</p>

NOTES TO THE FINANCIAL STATEMENTS

2.1 Accounting standards and interpretations issued and effective (cont'd)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Amendments to IAS 1 and IAS 8 Definition of material	<p>The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.</p> <p>The amendments have no material impact on the disclosures, or the amounts recognized in the entity's financial statement.</p>	1 January 2020

The directors have determined that the application of these standards has had no material impact on the disclosures or the amounts recognized in the Company's financial statement.

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements were issued but not effective at the reporting period.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
IFRS 17 Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policy holders' options and guarantees. In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	1 January 2023
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
<p>Amendments to IAS 1 – Classification of Liabilities as Current or Non-current</p>	<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.</p> <p>The amendments have no material impact on the disclosures, or the amounts recognized in the entity's financial statement.</p>	<p>1 January 2023</p>
<p>Amendments to IFRS 3 – Reference to the Conceptual Framework</p>	<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists because of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p>	<p>1 January 2023</p>

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use	<p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.</p> <p>The amendments have no material impact on the disclosures, or the amounts recognized in the entity's financial statement.</p>	1 January 2022
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	<p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.</p>	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Annual Improvements to IFRS Standards 2018–2020	The Annual Improvements include amendments to four Standards. IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.	1 January 2022
IFRS 9 Financial Instruments	The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.	1 January 2022
IAS 41 Agriculture	The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.	1 January 2022

The directors of the Company do not anticipate that applications of these standards and amendments will have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 Accounting policies

3.1 Statement of compliance with IFRSs

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies and Allied Matters Act of Nigeria, 2020. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Naira.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Impairment of financial assets

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

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

4 Significant accounting policies

The principal accounting policies are set out below

4.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue at a point in time when it transfers control over goods or services to a customer i.e. when the performance obligation has been met.

Customer gains control of goods when the goods have been shipped on board or delivered and accepted at their designated location. Invoices are generated at that point in time. Invoices are usually part-paid upon sight of shipping documents while the balance is payable within 60-90 days depending on the shipping time.

Revenue is measured at the fair value of the consideration received or receivable and represents value of the goods and services rendered to third party, net of discounts, rebates, and other sales related taxes. Discounts and rebates are offset against revenue when it is probable that the criteria for the discount or rebate will be met and the amount can be reliably estimated.

Interest is recognized, in profit or loss, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

4.2 Property, plant, and equipment

The cost of an item of property, plant and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant, and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property, plant, and equipment, the carrying amount of the replaced part is derecognized.

Property, plant, and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant, and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Nil
Buildings	20 years
Plant and machinery	5 years
Furniture, fittings, and equipment	5 years
Motor vehicles	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

4.3 Foreign currency translation

The financial statements of Neveah Limited are presented in Naira, which is the Company's functional currency. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at each reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Any resulting exchange differences are included in administrative expenses in the profit or loss, except for differences on available-for-sale non-monetary financial assets, which are included in the available-for-sale reserve in other comprehensive income. Non-monetary items of historic cost, that are denominated in foreign currency, are translated at the date of the original transaction, and are not re-translated.

Exchange differences arising on the settlement of monetary items are included in the profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

4.4 Financial instruments

a) Financial assets

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Initial recognition and measurement

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are required to be classified into:

- (a) financial assets measured at amortized cost and effective interest method,
- (b) financial assets measured at fair value through profit or loss and
- (c) financial assets measured at fair value through other comprehensive income.

Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition. The company has only financial assets measured at amortized cost and effective interest method.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

- **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash in hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

- **Trade receivables and other receivables**

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for lifetime expected credit losses amounts are recognized in the income statement. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Regular way purchases of financial assets are accounted for at trade date.

Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes 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 recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4.4 Financial instruments (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value-through-profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the entity measures impairment loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The expected credit losses are estimated using a probability of default based on the entity's historical credit loss experience. The entity assumes that the credit risk on a financial asset has increased significantly if it is more than 2 years past due.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 3-month ECL."

Impairment losses are recognized in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized.

Reversals of impairment losses are recognized in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognized in profit or loss within administrative expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The company does not have financial liabilities classified as financial liabilities 'at FVTPL'.

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the company are recognized at the proceeds received, net of direct issue costs. Repurchase of the company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the company's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

4.4 Financial instruments (cont'd)

Financial liabilities measured subsequently at amortized cost

These financial liabilities include borrowings and trade and other payables.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. A deferred tax asset is not recognized when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for the carry forward of unused tax losses and unused WHT credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused WHT credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

4.5 Tax (cont'd)

Tax expenses

Current and deferred taxes are recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognized, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

4.6 Inventories

Inventories are measured at the lower of cost and net realizable value.

Inventories are measured at the lower of cost and net realizable value on the weighted average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

4.7 Non-current assets held for sale (and disposal groups)

Non-current assets and disposal groups are classified as held for sale if their 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 the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortized) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

4.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

4.10 Employee benefits**4.10.1 Defined contribution pension plans**

The Company operates a defined contribution staff pension scheme for its employees in accordance with the Pension Reform Act 2014. The employer contributes 10% and the employees contribute 8% each of employees' basic salary, housing, and transport allowances. (Amended 1st July 2014).

Payments to defined contribution retirement benefit plans by the employer are recognized as an expense in the period in which employees have rendered services entitling them to the contributions.

4.10.2 Other employee benefits

Other short and long-term employee benefits are recognized as an expense over the period in which they accrue.

NOTES TO THE FINANCIAL STATEMENTS

4.11 Provisions and contingencies

Provisions are recognized when:

- the company has a present obligation as a result of a past event.
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognized for future operating losses.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

- the principal locations affected.
- the location, function, and approximate number of employees who will be compensated for terminating their services.
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognized in business combinations that are recognized separately are subsequently measured at the higher of:

- the amount that would be recognized as a provision; and
- the amount initially recognized less cumulative amortization.

Contingent assets and contingent liabilities are not recognized. Contingencies are disclosed in note 31.

4.12 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the number of inventories recognized as an expense in the period in which the reversal occurs.

The related cost of providing services recognized as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract.
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

NOTES TO THE FINANCIAL STATEMENTS

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalization is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalized do not exceed the total borrowing costs incurred.

The capitalization of borrowing costs commences when:

- expenditures for the asset have occurred.
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization is suspended during extended periods in which active development is interrupted.

Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate.
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognized to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognized to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

NOTES TO THE FINANCIAL STATEMENTS

5 Restatement of opening balances

5.1 Statement of Financial Position

The impact of misapplication of accounting standards and errors are shown in the reconciliation below:

		31/05/2020			
	Note	At 31 May 2020 N'000	Adjustment N'000	Reclassification N'000	At 31 May 2020 Restated N'000
Assets:					
Non-current assets					
Property, Plant & Equipment (net)	a	32,143	-	(9,546)	22,597
Total non-current assets		32,143	-	(9,546)	22,597
Current assets					
Inventory	b	130,027	34,071	(19,959)	144,139
Other assets	c	-	3,471	-	3,471
Trade and other receivables	d	87,706	(7,350)	-	80,356
Cash and bank balances	e	128,557	-	(106,208)	22,349
Deferred tax	f	-	154	-	154
Total current assets		346,290	30,346	(126,167)	250,469
Total assets		378,433	30,346	(135,713)	273,066
Equity					
Share capital		5,200	-	-	5,200
Retained earnings	g	59,220	35,625	-	94,845
Total equity		64,420	35,625	-	100,045
Current liabilities					
Current tax liabilities	h	1,093	6,198	-	7,291
Trade and other current payables	i	293,958	-	(129,053)	164,905
Accrued expenses	j	-	825	-	825
Bank overdraft	k	18,962	-	(18,962)	-
Total current liabilities		314,013	7,023	(148,015)	173,021
Total equity and liabilities		378,433	42,648	(148,015)	273,066

NOTES TO THE FINANCIAL STATEMENTS

5 Restatement of opening balances

5.2 Statement of profit or loss and other comprehensive income.

The impact of misapplication of accounting standards and errors are shown in the reconciliation below:

		31/05/2020			
		At 31 May 2020 N'000	Adjustment N'000	Reclassification N'000	At 31 May 2020 Restated N'000
	Note				
INCOME					
Revenue	l	1,347,650	(101,794)	-	1,245,856
Cost of sales	m	(1,258,256)	124,165	-	(1,134,091)
Gross profit		89,394	22,371	-	111,765
Other income	n	10,583	69,310	-	79,893
Admin expenses	o	(57,563)	-	(57,564)	(115,127)
Operating profit		42,414	91,681	(57,564)	76,531
Finance cost	p	7,552	(7,552)	-	-
Profit before taxation		34,862	99,233	(57,564)	76,531
Taxation	q	(1,093)	(6,044)	-	(7,137)
Profit for the year		33,769	93,189	(57,564)	69,394
Other Comprehensive Income					
Items that cannot be reclassified into profit or loss:		-	-	-	-
Items that cannot be reclassified into profit or loss:		-	-	-	-
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		33,769	93,189	(57,564)	69,394

NOTES TO THE FINANCIAL STATEMENTS

5 Restatement of opening balances

5.3 Notes to the reconciliations

a **Property, Plant and Equipment**

The adjustment presents the net impact of the derecognition of assets (furniture and fittings) belonging to the Managing Director previously captured in the financial statements as the Company's asset in prior periods and reversal of the accumulated depreciation charged on the assets, as well as recognition of other assets previously omitted during the year (plant and machinery). The adjustment is accounted for as follows:

Derecognition of motor vehicle worth N9,600,000 (with accumulated depreciation of N3,728,000) belonging to the Managing Director but previously classified as Company's assets.

Derecognition of Furniture and Fittings belonging to the Managing Director but previously classified as company assets. The assets are worth N8,393,000 with an accumulated depreciation of N1,672,000.

Recognition of assets (plant and machinery) worth N16,190,000.

b **Inventories**

The adjustment is accounted for as follows:

Recognition of mineral stock balance of N34,017,069 and adjustment of overstated agro-commodities stock balance by N19,958,920 in the financial statements.

c **Other assets**

The adjustment represents the recognition of balance of rent prepayment for the head office, Kano, and Jos warehouses.

d **Trade and other receivables**

The adjustment represents the correction of overstated trade and other receivables balance in the financial statements in line with supportable trade receivables at year end.

e **Cash and bank balances**

The adjustment is accounted for as follows:

Cash in hand: recognition of cash imprest balance (N75,196) omitted in the financial statements.

Cash in bank: The adjustment was posted to restate the bank balances per the bank statement which were either wrongly captured or omitted in the financial statement. This restatement was necessary as the balances in the financial statement were not properly reconciled with the balances per bank statements and bank confirmations received. Also, the effect of exchange gain of N104,720,179 on the foreign denominated bank balances was not properly reconciled.

f **Deferred tax**

The adjustment represents to the recognition of a deferred tax asset following the tax audit conducted by the entity.

g **Retained earnings**

The adjustment represents the net impact of adjustments on the profit for the year which is N69,394,000 but was captured as N33,769,000 in the financial statements.

h **Current tax liabilities**

The adjustment is to increase the current tax provision (income and education tax and police trust fund levy) for the year following the tax audit conducted by the entity.

i **Trade and other payables**

The adjustment comprises of the recognition of a \$47,500 payable from foreign exchange sales which was omitted in the financial statements. Also, the recognition of a N108,173,195 advance sum received from Customer (Afrimet Resources) which was omitted in the financial statements. Finally, an adjustment was posted to reversal an invalid liability to the Managing Director (N175million) which had been previously settled but was not reversed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

- j** Accrued expenses
The adjustment comprises entry to recognize ITF levy provision (N125,000) and accrued audit fees (N700,000), both omitted in the financial statements.
- k** Bank overdraft
The balance carried in the signed financial statements relates to cumulative exchange gain/loss on foreign denominated bank accounts which were not properly reconciled in the financial statements. The Company did not have any bank overdraft in the year; hence the balance is restated as zero.
- l** Revenue
This relates to adjustment of overstated revenue balance per the financial statements to reflect the actual sales transactions executed during the year.
- m** Cost of sales
The adjustment represents.
N857,344,241 being cost of minerals sold omitted in the financial statement
Restatement of cost of agro-products sold captured as N214,833,260 which was captured as N1,210,773,136 in the financial statements.
Inclusion of the cost of freight on minerals (N8,559,613) initially omitted in the financial statements
Restatement of freight cost on agro-products as N21,419,485 initially captured as N18,674,344 in the financial statements
Restatement of processing cost on agro-products as N2,649,870 initially captured as N4,410,875 in the financial statements.
Recognition of the cost of processing minerals, samples of agro-products and minerals (2,344,830) all omitted in the financial statements
- n** Other income
The adjustment was posted to recognize the exchange gain on foreign currency transactions and bank which were not properly reconciled in the signed financial statements.
- o** Administrative expenses
The adjustment is to correct the balance of administrative expenses which were either omitted or understated in the prior year financial statement such as the payroll costs, travel cost, director's remuneration, bank charges, rent and rates, consultancy fees) and so on.
- p** Finance cost
The adjustment was to reverse the finance cost of N7,552,000 recognized in the financial statement which is invalid as the Company did not have any loans in the financial year ended 2020.
- q** Taxation
The adjustment of N6,044,000 was posted to increase the provision for income and education tax charge and police trust fund levy following the tax audit conducted by the entity.

		31-May-21 N'000	31-May-20 Restated N'000
6	Revenue		
	Revenue from the sale of agro-products	428,574	353,845
	Revenue from sale of minerals	1,881,999	884,800
	Revenue from haulage services	29,757	7,211
		2,340,330	1,245,856

6.1 Information about major customers

Included in the revenue reported by the Company of N2.340 billion (2020: N 1.246 billion) is one customer whose individual contribution of N1.911 billion (2020: N841 million) represent more than 10% of the total revenue reported by the Company. No other single customers contributed 10% or more to the Company's revenue for 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

	31-May-21	31-May-20
	N'000	Restated N'000
7 Cost of sales		
Minerals	2,106,701	857,344
Agro products	337,849	214,883
Freight/Shipping-Minerals	2,362	8,560
Freight/Shipping-Agro	41,907	21,419
Processing/Cleaning-Agro	8,157	2,650
Process/Packaging-Minerals	7,982	2,207
Product Samples-Agro	7,128	39
Product Samples-Minerals	2,498	99
Haulage Expenses	40,656	26,890
	<u>2,555,240</u>	<u>1,134,091</u>
8 Other income		
Proceeds from sale of spares	-	552
Interest earned	50	177
Insurance proceeds	2,512	1,396
Exchange gain or loss	508,383	77,768
Writeback of impairment of trade receivables	1,063	-
	<u>512,008</u>	<u>79,893</u>
9 Administrative expenses		
Salaries and wages	40,924	11,408
PAYE	5,742	814
Pension Contribution - Employer	1,582	1,038
ITF expense	425	125
Local transport	10,869	4,216
Advertising and promotion	1,142	1,119
Motor running expenses	4,126	472
Insurance expenses	2,727	-
Bank charges	4,157	2,658
FX forward finance cost	5,900	-
Audit fees	5,000	1,294
Legal and professional fees	35,409	12,700
Staff training	-	5,348
Depreciation	14,405	3,952
Dues and subscriptions	1,447	1,072
Royalties	241	-
Vehicle/Equipment rental	2,060	661
Directors remuneration	22,989	26,916
Other expenses	38,812	15,853
Internet/Software subscriptions	1,494	293
Office consumables	2,320	787
Medical expenses	62	-
Postage and delivery	3,038	2,167
Security expenses	2,966	-
Rent and rates	15,517	9,568
Office equipment repairs and maintenance	2,606	123
Telephone expenses	822	400
Entertainment	3,052	1,533
Donations	1,328	-
Electricity/ Water bills	1,499	392
Provision for bad debt	-	10,218
	<u>232,661</u>	<u>115,127</u>

NOTES TO THE FINANCIAL STATEMENTS

	31-May-21 N'000	31-May-20 Restated N'000
10 Operating profit		
Operating profit for the year is stated after charging/(crediting) the following:		
Impairment on trade and other receivables	-	10,218
Write back of impairment on trade and other receivables	(1,063)	-
Depreciation on property, plant and equipment	14,405	3,952
Audit fees	5,000	1,294
Employee costs	48,673	13,468
	<u>48,673</u>	<u>13,468</u>
11 Finance costs		
	31-May-21 N'000	31-May-20 N'000
Interest on term loan	21,380	-
	<u>21,380</u>	<u>-</u>
This relates to total interest charges on short-term borrowings from banks and other financial institutions for financing of the business.		
12 Taxation		
	31-May-21 N'000	31-May-20 Restated N'000
Major components of the tax expense		
Current tax		
Current tax expense in respect of the current year:		
Income tax	5,857	6,810
Education tax	94	477
Police trust fund levy	2	4
	<u>5,953</u>	<u>7,291</u>
Deferred tax		
Deferred tax charge/(writeback) for the year	478	(154)
Adjustments recognised in the current year in relation to the deferred tax of prior years	-	-
	<u>478</u>	<u>(154)</u>
	<u>6,431</u>	<u>7,137</u>
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Profit before tax on continuing operations	43,057	76,531
Tax at the applicable tax rate of 30% (2020: 30%)	12,917	22,959
Tax effect of adjustments on taxable income		
Effect of income that is exempt from taxation	(12,755)	(20,059)
Effect of non-deductible expenses	593	-
Effect of concessions (research and development and other allowances)	(55)	(486)
Effect of tax adjustments (minimum tax)	5,392	4
Adjustment recognised due to differences in tax rates	245	(204)
Education tax at 2% of assessable profits	94	477
	<u>6,431</u>	<u>7,137</u>
Effective tax rate	14.94%	9.33%

NOTES TO THE FINANCIAL STATEMENTS

12 Taxation (cont'd)

The tax rate used for the 2021 and 2020 reconciliations above is the corporate tax rate at 30% payable by corporate entities in Nigeria on taxable profits under Companies Income Tax Act, 2020 as amended.

No income tax was recognized directly in equity.

No income tax was recognized in other comprehensive income.

12.1	Current tax payable	31-May-21	31-May-20
		N'000	N'000
	At 1 June	7,291	917
	Provision in the year	5,953	7,291
	Payment in the year	(4,913)	(917)
		8,331	7,291

13 Property, plant and equipment

	Land N'000	Buildings N'000	Furniture, Fixtures & Equipment N'000	Motor Vehicles N'000	Plant and Machinery N'000	Total N'000
Cost						
At 1 June 2019	-	-	9,658	9,600	-	19,258
Additions	-	-	9,283	-	16,190	25,473
Adjustment (Note 13.2)	-	-	(8,393)	(9,600)	-	(17,993)
At 31 May 2020						
Restated	-	-	10,548	-	16,190	26,738
Additions	35,000	115,000	1,576	68,955	1,838	222,369
At 31 May 2021	35,000	115,000	12,124	68,955	18,028	249,107
Accumulated depreciation and impairment						
At 1 June 2019	-	-	1,862	3,728	-	5,590
Charge for the year	-	-	1,304	-	2,647	3,952
Adjustment (Note 13.2)	-	-	(1,672)	(3,728)	-	(5,400)
At 31 May 2020						
Restated	-	-	1,494	-	2,647	4,141
Charge for the year	-	-	1,984	9,244	3,177	14,405
At 31 May 2021	-	-	3,478	9,244	5,824	18,546
Carrying amount						
At 31 May 2021	35,000	115,000	8,646	59,711	12,204	230,561
At 31 May 2020	-	-	9,054	-	13,543	22,597

NOTES TO THE FINANCIAL STATEMENTS

13.1 Impairment of property, plant and equipment

There are no indicators of impairment at the end of the reporting period. Thus, the Directors are of the opinion that allowance for impairment is not required.

13.2 Adjustment to property, plant and equipment

The adjustments to property, plant and equipment represent the derecognition of assets belonging to the Managing Director which had previously been classified as company assets and reclassification to the director's current account.

13.3 Assets pledged as security

None of the Company's fixed and floating assets are pledged as securities for loans as at 31 May 2021.

	31-May-21 N'000	31-May-20 Restated N'000
14 Inventories		
Solid minerals	102,182	34,071
Agro products	-	110,068
	<u>102,182</u>	<u>144,139</u>
15 Other assets		
Advance to consultants (Note 15.1)	1,080	-
Prepayment	3,655	3,471
	<u>4,735</u>	<u>3,471</u>
15.1 Advance to consultant balance represents advance payment to property consultants for the provision of real estate services not yet enjoyed at year end.		
16 Trade and other receivables	31-May-21 N'000	31-May-20 Restated N'000
Trade receivables	39,099	75,695
Allowance for impairment of trade receivables (note 16.1)	(627)	(10,218)
	<u>38,472</u>	<u>65,477</u>
Other receivables		
Advance to suppliers (Note 16.2)	25,149	14,879
Related parties (Note 29.3)	52,743	-
	<u>77,892</u>	<u>14,879</u>
	<u>116,364</u>	<u>80,356</u>
Analysed as follows:		
Current portion	116,364	80,356
Non-current portion	-	-
	<u>116,364</u>	<u>80,356</u>
16.1 Allowance for impairment of trade receivables		
As at 1 June	10,218	-
Impairment charge in the year	-	10,218
Write back during the year	(1,063)	-
Write off during the year	(8,528)	-
As at 31 May	<u>627</u>	<u>10,218</u>
16.2 Advances to suppliers represent deposit to suppliers for supply of solid minerals which were yet to be received as at year end. The minerals have subsequently been supplied after the year end.		

NOTES TO THE FINANCIAL STATEMENTS

16.3 Trade and other receivables (cont'd)

Trade receivables are amounts due from customers arising from sale of solid minerals and agro-products. The directors consider that the carrying value of trade and other receivables is approximately equal to their fair value. Trade receivables are classified as loans and receivables and are therefore measured at amortised cost. The company has recognised an allowance for doubtful debts against receivables based on lifetime Expected Credit Losses (ECL) of the receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Expected credit losses

The following table details the risk profile of trade receivables based on the Company's provision matrix. The Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

31/12/2021	0 - 30 days N'000	31 - 60 days N'000	61 - 90 days N'000	91 - 180 days N'000	Above 180 days N'000	Total N'000
Payment due	-	31,091	4,154	3,854	8,528	47,627
Lifetime ECL	-	232	83	312	8,528	9,155
31/12/2020						
Payment due	20,763	36,309	4,528	6,055	8,040	75,695
Lifetime ECL	81	325	129	1,643	8,040	10,218

17 Cash and bank balances

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	31-May-21 N'000	31-May-20 Restated N'000
Cash on hand	186	75
Bank balances	9,932	22,274
	<u>10,118</u>	<u>22,349</u>
Current assets	<u>10,118</u>	<u>22,349</u>

NOTES TO THE FINANCIAL STATEMENTS

		31-May-21 N'000	31-May-20 N'000
18	Share capital		
	Authorised		
	10,000,000 ordinary shares of N1.00 each	10,000	5,200
	Issued and fully paid		
	At 1 June	5,200	1,000
	Share issue during the year	4,800	4,200
	At 31 May: 10,000,000 ordinary shares of N1.00 each	10,000	5,200

The Company has one class of ordinary shares which carry no right to fixed income. There was an issue of 4,800,000 ordinary shares of N1 per share during the year. The share was approved for issue and allotment to the Managing Director by the shareholders on 22 March 2021.

		31-May-21 N'000	31-May-20 Restated N'000
19	Retained earnings		
	At 1 June	94,845	25,451
	Profit for the year	36,626	69,394
		131,471	94,845

20 **Retirement benefits**
20.1 **Defined contribution plan**

The Company operates a defined contribution benefit plan:

A contributory pension scheme for the benefit of its staff with the Company contributing 10% and employees 8% each of the employees' relevant emoluments as prescribed by the Pension Reform Act, 2014. Payments to this plan by the employer is recognized as an expense in the period in which employees have rendered services entitling them to the contributions. The total expense recognized in the profit or loss of N1.58m (2020: N1.12m) represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

	31-May-21 N'000	31-May-20 Restated N'000
Staff pension		
Balance at 1 June	537	-
Contributions for the year	1,582	1,038
Remittances in the year	(1,364)	(501)
Balance at 31 May	755	537

21 **Deferred taxation**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. For the periods presented the criteria is met.

	Assets 31-May-21 N'000	Assets 31-May-20 N'000	Liabilities 31-May-21 N'000	Liabilities 31-May-20 N'000	Net 31-May-21 N'000	Net 31-May-20 N'000
Property, plant and equipment	(325)	3,116	-	-	(325)	3,116
Provision	-	-	(201)	(3,270)	(201)	(3,270)
Unrealized foreign exchange	850	-	-	-	850	-
Tax (assets)/liabilities	525	3,116	(201)	(3,270)	324	(154)

NOTES TO THE FINANCIAL STATEMENTS

21 Deferred taxation (cont'd)

The movements in deferred tax during the year ended 31 May 2021, is summarized in the table below:

Movements in deferred tax assets and liabilities

	31-May-21	31-May-20
	N'000	Restated N'000
At 1 June	(154)	-
Movements accounted for in profit or loss	478	(154)
As at 31 May	324	(154)

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

	31-May-21	31-May-20
	N'000	Restated N'000
22 Trade and other payables		
Trade payables	3,752	9,937
Advances from customers (Note 22.1)	90,159	101,871
FX sales payables	14,250	20,318
Other payables	6,167	-
PAYE	5,587	244
Pension (Note 20.1)	755	537
Related parties (Note 29.3)	-	31,998
	120,670	164,905

22.1 Advances from customers represent deposit from customers for purchase of solid minerals which were yet to be shipped as at year end.

	31-May-21	31-May-20
	N'000	Restated N'000
23 Deposit for shares		
Deposit for shares	150,000	-

Deposit for shares balance represent the value of transferred land and building by the Managing Director as consideration for future allotment of shares. The value of the properties was determined by an independent property valuer (Ubosi Eleh & Co – FRC/2015/NIESV/00000013406) and approved as deposit for shares by the shareholders on 22nd May 2021.

	31-May-21	31-May-20
	N'000	Restated N'000
24 Accrued expenses		
Accrued audit fees	5,000	700
Accrued ITF levy	550	125
	5,550	825

NOTES TO THE FINANCIAL STATEMENTS

	31-May-21 N'000	31-May-20 Restated N'000
25 Borrowings		
Principal amount (Note 25.1)	36,667	-
Interest payable (Note 25.2)	947	-
At 31 May	<u>37,614</u>	<u>-</u>
25.1 Movement in principal amount		
At 1 June	-	-
Additions	145,000	-
Repayments	(108,333)	-
At 31 May	<u>36,667</u>	<u>-</u>

The loan balance is made up of; i) N15,000,000 loan facility from Zenith Bank Plc at an interest rate of 17% p.a. for a period of 12 months starting 7th January 2021. ii) N30,000,000 from Carbon Finance & Investments Limited at a flat interest rate of 3% per month for a period of 9 months starting 8th April 2021. The loans were obtained to augment working capital. The Company did not use any of its fixed or floating assets as collateral for the facilities.

	31-May-21 N'000	31-May-20 N'000
25.2 Movement in interest and other charges		
At 1 June	-	-
Additions	21,380	-
Repayments	(20,433)	-
At 31 May	<u>947</u>	<u>-</u>

26 Employee costs
The following items are included within employee benefits expense:

	31-May-21 N'000	31-May-20 N'000
Employee costs	-	-
Wages, salaries, allowances and other benefits	46,666	12,222
Pension and social benefits	2,007	1,246
	<u>48,673</u>	<u>13,468</u>

Average number of persons employed during the year was:

	31-May-21 Number	31-May-20 Number
Management	1	1
Others	29	16
	<u>30</u>	<u>17</u>

The table below shows the number of employees (excluding Directors), whose earnings during the year, fell within the ranges shown below:

	31-May-21 Number	31-May-20 Number
N10,001 - N100,000	1	1
N100,001 - N500,000	15	10
N500,001 - N1,000,000	9	5
N1,000,001 - N2,000,000	4	1
N2,000,001 and above	1	-
	<u>30</u>	<u>17</u>

NOTES TO THE FINANCIAL STATEMENTS

27 Depreciation, amortisation and impairments

The following items are included within depreciation, amortisation and impairments:

	31-May-21 N'000	31-May-20 Restated N'000
Depreciation		
Administrative cost	14,405	3,952
	<u>14,405</u>	<u>3,952</u>
(Write-backs)/Impairments		
Trade and other receivables	(1,063)	10,218
	<u>(1,063)</u>	<u>10,218</u>
Depreciation, amortisation and impairments		
Total depreciation, amortisation and impairments		
Depreciation	14,405	3,952
Impairments	(1,063)	10,218
	<u>13,342</u>	<u>14,170</u>

28 Non-cash transactions

Deposit for shares (Note 23)

	150,000	-
	<u>150,000</u>	<u>-</u>

29 Related party disclosures

29.1 Related party relationships

Related party includes key management personnel such as Directors having authority and responsibility for directing and controlling the activities of the company. Transactions with related parties comprises payment of salaries and other benefits.

29.2 Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	31-May-21 N'000	31-May-20 Restated N'000
Director's remuneration	22,989	26,916

29.3 Related party balances

Due to related party - Managing Director/CEO

Due from related party - Managing Director/CEO

	-	31,998
	52,743	-

The amount due from related party represents the Managing Director's drawings from the Company which are expected to be refunded within the next accounting period.

The amount due to related party represents the Managing Director's injections into the Company which are expected to be refunded within the next accounting period.

Loans to/(from) related parties

The Company did not give out nor obtain any loan to/from related parties during the year.

NOTES TO THE FINANCIAL STATEMENTS

30 Risk management

30.1 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the cash and bank balances disclosed in note 15, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the debt: equity ratio.

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The debt: equity ratio at 2021 and 2020 respectively were as follows:

	31-May-21 N'000	31-May-20 N'000
Borrowings	37,614	-
Cash and bank balance	(10,118)	(22,350)
Net debt	27,496	(22,350)
Total equity	(141,471)	(100,045)
Debt equity ratio	(19)%	22%

31 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

31.1 Categories of financial instruments

	31-May-21 N'000	31-May-20 N'000
Financial assets		
<i>Loans and receivables</i>		
<i>Cash and bank balances</i>	10,118	22,349
<i>Trade and other receivables</i>	116,364	80,356
	126,482	102,705
Financial liabilities		
<i>Borrowings are measured at amortized cost</i>		
<i>Trade and other payables</i>	37,614	-
	37,614	-

NOTES TO THE FINANCIAL STATEMENTS

31.2 Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks may have on the Company's reported results.

The Company's management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk.

Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities. Sensitivity analysis provide the appropriate information to monitor the net underlying financial risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

The Company does not trade in financial instruments, nor does it take on speculative or open positions through the use of derivatives.

31.3 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company that are affected by market risk are principally the non-derivative financial instruments which include trade and other receivables; cash and cash equivalents; trade and other payables; and borrowings.

31.4 Other price risks

The Company is not exposed to any other price risks arising from equity.

31.5 Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and investing activities (deposits with banks).

- **Trade and other receivables**

The Company's receivables consist of customers in other continents. Credit evaluation is usually performed on the financial condition of accounts receivable. The company has a policy of only dealing with creditworthy counterparties and obtaining advances where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company does not have significant credit exposure to any single customer or group of customers that are related entities. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board and management periodically. The company defines counterparties as having similar characteristics if they are related entities.

- **Deposits with financial institutions**

Credit risk from balances with banks and financial institutions is regulated by the management. Surplus funds are spread amongst reputable commercial banks and are limited. Counterpart credit limits are reviewed by the Management periodically and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's liquidation.

31.5.1 Collateral held as security and other credit enhancements

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk as no collateral or other credit enhancements are held except where advances are obtained from customers when appropriate.

NOTES TO THE FINANCIAL STATEMENTS

31.6 Liquidity risk management

Liquidity risk is the risk that the Company is unable to meet its current and future cash flow obligations as and when they fall due or can only do so at excessive cost.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term and medium-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

31.6.1 Maturity profile

The following tables show the Company's contractual maturities of financial liabilities:

	31/5/2021			
	Carrying amount N'000	Contractual cash flows N'000	Less than 1 year N'000	More than 1 year N'000
Financial liabilities at amortised cost				
Borrowings	37,614	37,614	37,614	-
Trade and other payables	284,875	284,875	284,875	-
	322,489	322,489	322,489	-
	31/5/2020			
	Carrying amount N'000	Contractual cashflows N'000	Less than 1 year N'000	More than 1 year N'000
Financial liabilities at amortised cost				
Borrowings	-	-	-	-
Trade and other payables	173,021	173,021	173,021	-
	173,021	173,021	173,021	-

Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31.7 Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

32 Capital Commitments

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

33 Contingent liabilities and contingent assets

There were no significant contingent liabilities/assets as at 31 May 2021 (2020: nil).

34 Events after the reporting period

There were no post balance sheet events that could have material effect on the state of affairs of the Company at 31 May 2021 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

35 Going concern considerations

The company has consistently been making profits. The Directors believe that there is no intention or threat from any source to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on going concern basis.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilized borrowing facilities are monitored.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating borrowings. The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

The Company is exposed to a number of guarantees for the overdraft facilities:

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Also the entity ensures that foreign currency payments are made directly for foreign currency denominated assets. The carrying amounts of the Commission's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Assets	
	2021 N'000	2020 N'000
Bank balances denominated in foreign currency	245	21,574
Trade receivables	38,472	65,477
Exchange gain or loss	508,383	77,768
	Liabilities	
FX Sales payables	(14,250)	(20,318)
Total exposure	<u>532,850</u>	<u>144,501</u>

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

	2021		2020	
	N'000	%	Restated N'000	%
VALUE ADDED				
Turnover:	2,340,330		1,245,856	
Other income	512,008		79,893	
Bought - in materials and services	(2,724,823)		(1,231,798)	
Total Value Added	127,515	100	93,951	100
VALUE DISTRIBUTED				
To Pay employees				
Salaries, wages, medical and other benefits	48,673	38	13,468	14
To Pay providers of capital				
Finance costs	21,380	17	-	-
To Pay Government				
Current tax	5,953	5	7,291	8
To be retained in the business for expansion and future wealth creation:				
Depreciation	14,405	11	3,952	4
Deferred tax	478	-	-	-
Retained profit	36,626	29	69,394	74
Total Value Distributed	127,515	100	93,951	100

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.

FINANCIAL SUMMARY

	2021 N'000	2020 Restated N'000	2019 N'000	2018 N'000	2017 N'000
Capital & reserves					
Share capital	10,000	5200	1,000	1,000	1,000
Retained earnings	131,471	94,394	25,451	8,967	4,954
	141,471	100,045	26,451	9,967	5,954
Assets employed					
Property, Plant & Equipment	230,561	22,597	13,669	9,554	4,166
Current assets	233,399	250,469	196,937	187,860	13,854
Total Assets	463,960	273,066	210,606	197,414	18,019
Total liabilities	(322,489)	(173,021)	(184,155)	(187,447)	(12,066)
Net Assets	141,648	100,045	26,451	9,967	5,954
Profit and Loss Account					
Revenue	2,340,330	1,245,856	2,040,011	1,129,305	456,627
Profit before taxation	43,057	76,531	17,400	4,852	3,612
Taxation	(6,431)	(7,137)	917	838	154
Profit after Tax	36,626	69,394	18,317	5,690	3,766
Earnings per share (Naira)	3.66	13.35	18.32	5.69	3.77
Net asset per share (Naira)	14.16	19.24	26.45	9.97	5.95

Earnings per share are based on profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on the net assets and the issued and fully paid ordinary shares at the end of each financial year.

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