

NEVEAH LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2023

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NEVEAH LIMITED
Annual Reports and Financial Statements - 31 December 2023

CORPORATE INFORMATION

Board of Directors	Oluwabiyi Ajibade Emmanuel Ibidapo Lawal Abidemi Lawal Akindoyin Akinbiyi Olaposi Akinsola Akinyemi	- - - - -	Chairman Chief Executive Officer Independent Director Independent Director Executive Director/Chief Financial Officer
Company Secretary	A&O Corporate Services 1, Muritala Muhammed Drive Ikoyi, Lagos		
Registered office	Plot 2940, Aguiyi Ironsi Street, Maitama, Abuja.		
External auditors	PricewaterhouseCoopers (Chartered Accountants) Plot 1129, Zakariya Maimalari Street 2nd floor, Central Business District Muktar El-Yakub's Place Central Business District Abuja, FCT		
Telephone	+234092929765		
Bankers	Access Bank Plc Coronation Merchant Bank Limited Ecobank Limited Fidelity Bank Plc First Bank of Nigeria Limited Sterling Bank Ltd United Bank for Africa Plc Zenith Bank Plc		

RESULTS AT A GLANCE

	31 December 2023	31 December 2022	%
	12-months N'000	7-months N'000	Change
Revenue	19,545,286	6,937,529	182
Profit/(loss) before taxation	435,620	(562,096)	(177)
Profit/(loss) for the year/period	387,750	(704,829)	(155)
Total comprehensive income for the year/period	476,009	(704,829)	(168)
Retained earnings	(257,713)	(645,464)	(60)
Share capital	500,000	500,000	-
Shareholders' fund	330,546	(145,464)	(327)
PER SHARE DATA:			
Based on 500 million (Dec 2022: 500 million) ordinary shares of ₦1.00 each:			
Earnings/(loss) per share (kobo):			
- Basic	77.55	(140.97)	(155)
Net assets per share (kobo)			
- Basic	66.11	(29.09)	(327)
Number of employees (number)	62	51	22

Report of the directors

The directors submit their report for the year ended 31 December, 2023.

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 solid minerals and agro-commodities

3. Results for the year

Comparative highlights of the operational results of the Company for the year ended 31 December 2023 and 7 month period ended 31 December 2022 are as stated in the table below.

	31 December 2023 12-months ₦'000	31 December 2022 7-months ₦'000
Turnover	19,545,286	6,937,529
Profit/(loss) after tax	387,750	(704,829)

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	-		Independent Director
Akindoyin Akinbiyi Olaposi	-		Independent Director
Stephen Okechukwuyem Ojji	-		Independent Director- Resigned October 2023
Akinsola Akinyemi	-		Chief Financial Officer

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 December 2023.

6. Authorised and issued share capital

The authorized and issued share capital as at 31st December 2023 is 500,000,000 ordinary shares (31 Dec 2022: 500,000,000 ordinary shares)

Report of the directors

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:

DIRECTORS	Number of shares held at 31 December 2023	Number of shares held at 31 December 2022
Ibidapo Lawal	499,900,000	499,900,000
Abidemi Lawal	100,000	100,000

8. Dividends

Dividends were not declared to shareholders during the year under review.

9. Research and Development

We are committed to Research and Development; it is at the forefront of our agro products export and has been very successful in increasing the quality and quantity of Dried Split Ginger working with 1,201 farmers to be sold at a premium. We are the first company in Nigeria to be certified under the Rain Forest Alliance (RFA) program on 21st March 2023 . We will continue to put efforts in Research and Development.

10. Employment and Employees

10.1 Employment of disabled persons

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. However, no disabled person was in employment of the company as at 31 December 2023.

10.2 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.

10.3 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 health insurance as well as allowances for transportation and housing to all levels of employees.

11. Auditors

PricewaterhouseCoopers (PwC) were appointed as the new external auditors of the company after the resignation of the former auditors; Deloitte & Touché.

A resolution has been passed for the determination of their remuneration.

By order of the Board


A&O CORPORATE SERVICES
COMPANY SECRETARIES

Abisola Onadipe
FRC/2013/ICSAN/00000005509
Company Secretary
Lagos, Nigeria
5 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 December 2023 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 (Amendment) Act, 2023


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.

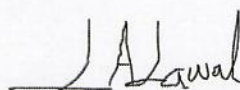
Going Concern:

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.

SIGNED ON BEHALF OF THE DIRECTORS OF THE COMPANY



Oluwabiyi Ajibade Emmanuel
Chairman
FRC/2021/003/00000023111
5 March 2024



Ibidapo Lawal
Chief Executive Officer
FRC/2021/003/00000022830
5 March 2024

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

have evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and

certify 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 December 2023 were approved by the directors on

5th March 2024

SIGNED ON BEHALF OF THE DIRECTORS OF THE COMPANY

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



Akinsola Akinyemi
Chief Financial Officer
FRC/2016/ICAN/00000015869



Independent auditor's report

To the members of Neveah Limited

Report on the audit of the financial statements

Our opinion

In our opinion, Neveah Limited's ("the Company's") financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

Neveah Limited's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
 - the statement of financial position as at 31 December 2023;
 - the statement of changes in equity for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of material accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the the Results at a glance, Report of the directors, Statement of directors' responsibilities, Certification of financial statements, Value added statement and Five-year financial summary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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 identified above 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, 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 and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the Company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Tolu Adeleke

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Tolulope Adeleke
FRC/2014/ICAN/00000008319



6 March 2024

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED**

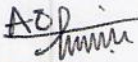
		31 December 2023 12-months	31 December 2022 7-months
	Note	₦'000	₦'000
Revenue	5	19,545,286	6,937,529
Cost of sales	6	(24,298,663)	(12,049,557)
Gross Loss		(4,753,377)	(5,112,028)
Other income	7	8,243,675	6,359,525
Revaluation gain on investment property	26	27,793	-
Selling and distribution expenses	9	(11,086)	(50)
Administrative expenses	10	(1,493,448)	(612,883)
Operating profit		2,013,557	634,564
Impairment charge on trade receivables	11	(3,629)	(2,114)
Finance costs	12	(1,419,879)	(831,869)
Loss on derivative financial instrument	8	(154,429)	(362,677)
Profit/(Loss) before taxation		435,620	(562,096)
Taxation	13	(47,870)	(142,733)
Profit/(Loss) for the year		387,750	(704,829)
Other comprehensive income			
Revaluation gain on land and building	26	88,259	-
Other comprehensive income, net of tax		88,259	-
Total comprehensive income for the year		476,009	(704,829)
Based on 500,000,000 ordinary shares of N1 each:			
Earnings/(Loss) per share (Naira)		0.78	(1.41)
Adjusted earnings/(loss) per share		3.62	0.25

The accompanying notes on pages 16 to 54 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		31 December 2023	31 December 2022
	Note	12-months N'000	7-months N'000
Assets			
Non-current assets			
Right of use assets			
Property, plant & equipment (net)	15	150,641	105,946
Investment property	16	4,291,922	1,710,515
	17	135,000	107,207
Total non-current assets		4,577,563	1,923,668
Current assets			
Inventories	18	3,486,768	5,887,195
Other assets	19	142,216	353,120
Trade and other receivables	20	4,137,814	2,044,702
Call in arrears	21	340,000	340,000
Derivative financial instruments	22	83,677	346,080
Cash and cash equivalents	23	467,817	2,085,679
Total current assets		8,658,292	11,056,776
Total assets		13,235,855	12,980,444
Equity and liabilities			
Equity			
Share capital	24	500,000	500,000
Retained earnings	25	(257,713)	(645,464)
Revaluation reserve	26	88,259	-
Total equity		330,546	(145,464)
Non current liabilities			
Borrowings- term loan	27	166,657	118,073
Lease liability	28	98,246	36,684
		264,903	154,757
Current liabilities			
Deferred tax	13.2	18,514	106,866
Current tax liabilities	13.1	142,857	39,840
Trade and other payables	29	324,126	5,152,877
Accrued expenses	30	15,000	10,000
Lease liability	28	46,029	14,345
Borrowings	27	12,093,880	7,647,223
Total liabilities		12,905,309	13,125,908
Total equity and liabilities		13,235,855	12,980,444

The financial statements were approved by the Board of Directors on 5th March 2024 and were signed on its behalf by:

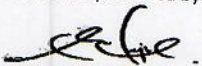


Oluwabiyi Ajibade Emmanuel
Chairman
FRC/2021/003/00000023111



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

Additionally certified by:



Akinsola Akinyemi
Chief Financial Officer
FRC/2016/ICAN/00000015869

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Revaluation reserve	Total equity
	N'000	N'000	N'000	N'000
Balance at 1 June 2022	500,000	559,366	-	1,059,366
Dividend	-	(500,000)	-	(500,000)
Loss for the period	-	(704,829)	-	(704,829)
Balance at 1 January 2023	500,000	(645,463)	-	(145,463)
Profit for the year	-	387,750	-	387,750
Revaluation surplus on land and building	-	-	88,259	88,259
Balance at 31 December, 2023	500,000	(257,713)	88,259	330,546

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

STATEMENT OF CASH FLOWS

		31 December 2023	31 December 2022
	Note	12-months N'000	7-months N'000
Cash flows from operating activities			
Profit/(loss) for the year/period		435,620	(704,829)
Adjustments for:			
Depreciation of property, plant and equipment	16	81,082	33,798
Depreciation of investment property	17	-	2,035
Interest expense lease liability	12	16,235	1,451
Lease amortisation	15	30,011	9,631
Impairment on trade receivables - (writeback)/charge	11	3,629	2,114
Loss on derivative instrument	8	45,232	424,358
Finance cost	12	1,403,644	830,418
Adjustment for prior year income tax (over)/under provision	13	-	(335)
Adjustment for prior year deferred tax (over) provision	13	-	(7,524)
Income tax paid	13	(33,205)	(34,192)
Profit on disposal of property, plant and equipment	7	412	9
Operating cash flows before movements in working capital		<u>1,982,660</u>	<u>556,934</u>
Decrease/(increase) in inventories		2,400,426	(4,088,796)
Increase in trade and other receivables		(2,093,112)	(879,300)
Decrease in other assets		210,904	100,592
Decrease/(Increase) in derivative financial instrument		262,404	(770,438)
(Decrease)/Increase in trade and other payables		(4,828,752)	3,689,162
Increase in accrued expense		5,000	2,000
Increase in deferred tax liabilities		-	110,782
Income tax payable		143,294	39,810
Cash used in operations		<u>(1,917,176)</u>	<u>(1,239,254)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(2,831,230)	(1,172,254)
Proceed from disposal of property, plant and equipment	16	757	275
Advance payment made on right of use asset		-	(66,000)
Net cash used in investing activities		<u>(2,830,473)</u>	<u>(1,237,979)</u>
Cash flows from financing activities			
Proceeds from borrowings- commercial papers	27.1.2	18,034,420	7,572,755
Repayment of borrowings	27.1.2	(14,118,588)	(5,700,958)
Interest repayment of borrowings	27.1.2	(721,042)	(802,378)
Dividend paid	25	-	(500,000)
Term loan obtained	27.2.1	56,000	-
Term loan repayment- principal	27.2.1	(82,219)	(37,977)
Term loan repayment- interest	27.2.2	(38,783)	(28,354)
Net cash provided by financing activities		<u>3,129,788</u>	<u>503,089</u>
Net movement in cash and cash equivalents			
Cash at the beginning of the year		(1,617,862)	(1,974,145)
Cash and cash equivalents at the end of the year		<u>2,085,679</u>	<u>4,059,824</u>
		<u>467,817</u>	<u>2,085,679</u>

The accompanying notes 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 hibiscus siftings, dried split ginger and also trading of solid minerals such as lead ore, columbite and tin ore. The Company currently exports to Germany, Switzerland, Malaysia, Portugal, Ecuador, 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 Basis of preparation

The financial statements of the Company are made up to 31 December 2023. The prior financial period is the 7 months period ended 31 December 2022 ('the period or December 2022').

At the meeting of the Board of Directors of Neveah Limited held and duly convened on 20th April 2023 at Plot 2940, Aguiyi Ironsi Street, Maitama, Abuja. A resolution was proposed and approved by members of the Board to change its accounting year end from 31st May to 31st December yearly.

The reason for using a shorter period in the 2022 financial statement is as a result of the change in the company's accounting year end to ensure the firm's reporting aligns with those of its stakeholders.

1.5 Financial period

These financial statements cover the financial year from 1 January 2023 to 31 December 2023 with 7 months comparatives from 1 June 2022 to 31 December 2022

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
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	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	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.	1 January 2023

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
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 recognised 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 recognised 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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	This standard is effective for annual periods beginning on or after 1 January 2023. In determining the tax base of assets and liabilities, the amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Also, in respect of changes to the initial recognition exception under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.	1 January 2023
Amendments to IFRS 8 – Definition of Accounting Estimates	The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.	1 January 2023

The directors have determined that the application of these standards has had no material impact on the disclosures or the amounts recognised 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
Liability In a Sale and Leaseback (Amendments to IFRS 16 Leases)	<p>The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.</p> <p>The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.</p>	1 January 2024
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements)	<p>The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent 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.</p> <p>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.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.</p>	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)	<p>The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent).</p> <p>Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).</p> <p>The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.</p>	1 January 2024

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>Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)</p>	<p>The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk.</p> <p>Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.</p> <p>The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.</p>	<p>1 January 2024</p>

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 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023. 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 recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Exchange expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Exchange applies a simplified approach in calculating ECLs. Therefore, it does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Notes to the financial statements

Accounting policies (cont'd)

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 recognises revenue at a point in time when it transfers control of goods or services to a customer i.e. ownership is transferred to the customer. Revenue is deemed to be earned when goods have been shipped on board or delivered and accepted at their designated location based on specific contract with our customers.

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. The goods shipped are accepted subject to the assay tests performed by customers. However, the Company can objectively determine that they will meet the criteria/customer specification because the Company performs tests on the goods prior to shipping hence, the Company is able to record the full revenue as at shipment date and any changes due to final tests at the customer or changes in market prices are adjusted at a later date.

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.

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.

4.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised 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 recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Items of land and building are measured using the revaluation model and thus carried at fair value at year end.

Item	Estimated useful life
Land	Nil
Buildings	33 years
Plant and machinery	20 years
Furniture, fittings and equipment	7 years
Motor vehicles	10 years

Notes to the financial statements

Accounting policies (cont'd)

The depreciation charge for each year is recognised 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 derecognised. 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 Investment property

Neveah Limited has established a policy that sets out the principles and guidelines for recognizing, measuring, presenting, and disclosing investment properties. Investment properties are properties that are held to generate rental income, achieve capital appreciation or both, and are not intended for use in the ordinary course of business or sale in the ordinary course of operations.

Investment properties refer to land, buildings, or parts of a building that are held for the purpose of earning rental income and/or capital appreciation. These properties are not meant for use in regular business operations, sale, production or supply of goods and services, or administrative purposes.

4.3.1 Recognition and initial measurement

For initial measurement, investment properties are recorded in the statement of financial position at cost of acquisition. This cost includes the purchase price and any expenses related to making the property ready for its intended use. Any expenses for repairs and maintenance are not included in the carrying amount of the investment property.

For subsequent measurement, Neveah Limited has chosen to use the revaluation model for subsequent measurement of its investment properties. Under this model, investment property is carried at fair value at year end

4.3.2 Transfers

Transfers between investment property, owner-occupied property, and inventory are made only when there has been a change in the use of the property. The transfer should be supported by objective evidence of the use change, and the property should be measured at its fair value on the date of transfer.

4.3.3 Disposal of investment property

When an investment property is sold or permanently removed from use with no future economic benefits expected, it is considered derecognized. This can also occur when the property is leased through financing. If an investment property is disposed of, any difference between its carrying amount and the net disposal proceeds must be acknowledged in the statement of profit or loss.

When investment properties are sold, any profits or losses will be calculated by subtracting the net sales proceeds from the carrying amount of the asset. These gains or losses will then be recorded in the statement of profit or loss for the year in which the sale took place unless IFRS 16 dictates otherwise in a sale and leaseback scenario.

Notes to the financial statements

Accounting policies (cont'd)

4.4 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments not paid at commencement date discounted using the Central Bank's prime lending rate at date of commencement.

Lease payments included in the measurement of the lease liability comprise: -

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options

The lease liability is presented as a separate line in the statement of financial position.

Notes to the financial statements

Accounting policies (cont'd)

4.5 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.

4.6 Financial instruments

Financial assets and financial liabilities are recognised 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 recognised immediately in profit or loss.

Initial recognition and measurement

Financial assets

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

Financial assets are required to be classified into:

- (a) financial assets measured at amortised 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 amortised cost and effective interest method.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability

• 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 amortised cost using the effective interest rate method. Appropriate allowances for lifetime expected credit losses amounts are recognised in the income statement. The allowance recognised 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.

Notes to the financial statements

Accounting policies (cont'd)

Financial instruments (continued)

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 also recognizes a collateralized borrowing for the proceeds received.

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 considered to be impaired when there is objective evidence that, as a result 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 amortised 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 recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 3-month ECL."

Impairment losses are recognised 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 recognised, 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 recognised.

Reversals of impairment losses are recognised 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 recognised 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 of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs. Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Notes to the financial statements

Accounting policies (cont'd)

Financial liabilities measured subsequently at amortised cost

These financial liabilities include borrowings and trade and other payables.

The effective interest method is a method of calculating the amortised 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 amortised cost of a financial liability.

Derivative Financial instrument

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The company discontinues hedge accounting in any of the following circumstances:

- The hedging instrument is not, or has ceased to be, highly effective as a hedge,
- The hedging instrument has expired, is sold, terminated, or exercised,
- The hedged item matures, is sold, or repaid,
- The company elects to discontinue hedge accounting voluntarily.

Notes to the financial statements

Accounting policies (cont'd)

4.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised 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 recognised 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 recognised 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 recognised 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 utilised. A deferred tax asset is not recognised 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 recognised 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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised 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.

Tax expenses

Current and deferred taxes are recognised 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 recognised, in the same or a different period, to other comprehensive income, or

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.

4.8 Inventories

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

Net realisable 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 recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised 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 realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the financial statements

Accounting policies (cont'd)

4.9 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 amortised) 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 recognised in profit or loss.

4.10 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 amortisation is recognised 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 recognised 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 recognised for the asset in prior periods.

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

4.11 Share capital and equity

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

Notes to the financial statements

Accounting policies (cont'd)

4.12 Employee benefits

4.12.1 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.

4.12.2 Other employee benefits

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

4.13 Provisions and contingencies

Provisions are recognised 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 recognised 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 recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised 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 recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

4.14 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised 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 realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised 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

Accounting policies (cont'd)

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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 capitalisation 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 capitalised do not exceed the total borrowing costs incurred.

The capitalisation 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.

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

Capitalisation 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 recognised as an expense in the period in which they are incurred.

4.16 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;
- 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 recognised in profit or loss in the period in which they arise.

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

	31 December 2023 12-months N'000	31 December 2022 7-months N'000
5 Revenue		
Revenue from the sale of agro-products	1,202,129	195,231
Revenue from sale of minerals	18,300,107	6,742,298
Revenue from haulage services	43,050	-
	<u>19,545,286</u>	<u>6,937,529</u>
Revenue recognised at point of in time	19,545,286	6,937,529
Revenue recognised over time	-	-
	<u>19,545,286</u>	<u>6,937,529</u>
5.1 Information about major customers		
Included in the revenue reported by the Company of N19,545 billion (Dec 2022: N6.938 billion) are two customers whose individual contributions of N6.411 billion (December 2022: N5.439 billion) and N7.044 billion (Dec 2022: N1.270 billion) represent more than 10% of the total revenue reported by the Company. No other single customers contributed 10% or more of the Company's revenue for December 2023 and December 2022.		
6 Cost of sales		
Minerals	22,248,609	11,498,889
Agro Products	1,101,916	172,182
Freight/Shipping-Minerals	81,095	76,078
Freight/Shipping-Agro	27,439	9,269
Processing/Cleaning-Agro	22,421	3,339
Process/Packaging-Minerals	297,927	16,148
Product Samples-Agro Pro	5,986	116
Product Samples-Minerals	115,933	50,286
Haulage Expenses - Minerals	129,515	74,121
Haulage Expenses - Agro	62,046	-
Other selling costs	205,526	149,129
Commission	250	-
	<u>24,298,663</u>	<u>12,049,557</u>
7 Other income		
Interest earned	31,530	114,335
Profit from disposal of property, plant and equipment	-	9
Grant and commission income (Note 7.1)	3,009,839	902,616
Rental income from investment property	6,242	1,388
Exchange gain	5,196,064	5,341,177
	<u>8,243,675</u>	<u>6,359,525</u>
7.1	Grant represents income from the RT200 FX programme represents amount earned during the year by the company under the newly introduced RT200 FX programme which is an initiative of the Central Bank of Nigeria aimed at raising \$200billion in foreign exchange (FX) earnings from non-oil proceeds.	
8 Loss from derivative financial instrument		
(Loss)/profit from hedging	(111,096)	60,809
Interest earned on initial margin	1,899	872
Fair value loss on derivatives	(45,232)	(424,358)
	<u>(154,429)</u>	<u>(362,677)</u>

The management took the initiative to hedge its receivables for the sale of tin ore against volatility of international prices. The company uses forward contract to lock in prices which are priced on the London Metal Exchange (LME).

Notes to the Financial Statements

9	Selling and Distribution costs	11,086	50
	Distribution costs	<u>11,086</u>	<u>50</u>
		31 December 2023	31 December 2022
		12-months	7-months
		₹'000	₹'000
10	Administrative expenses		
	The following items are included within administrative expenses:		
	Salaries and wages	172,389	91,851
	Pension contribution- Employer	10,951	3,647
	ITF and NSITF expense	2,897	938
	Transport and travel cost	170,943	59,485
	Advertising and promotion	27,978	1,597
	Motor running expense	42,927	18,362
	Insurance expense	45,063	13,541
	Bank charges	6,422	12,825
	FX forward finance cost	74,439	7,427
	Audit & accountancy fee	15,596	10,000
	Legal and professional fees	299,351	166,526
	Staff training	5,176	12,465
	Depreciation of property, plant and equipment	81,081	35,833
	Amortisation of right of use asset	32,314	9,631
	Dues and subscriptions	17,053	4,685
	Vehicle/equipment rental	4,041	906
	Other expenses	100,116	19,216
	Loss on disposal of property, plant and equipment	412	-
	Internet/software subscriptions	19,940	8,084
	Office consumables	4,852	2,615
	Medical expenses	207	275
	Postage and delivery	8,244	4,158
	Security expenses	8,453	748
	Rent and rates	34,618	6,716
	Bad debt written off	69,202	14,590
	Office equipment repairs and maintenance	11,413	5,200
	Telephone expenses	2,996	792
	Entertainment	8,530	4,035
	Donations	23,499	6,402
	Electricity/water bills	10,814	2,476
	Trade fairs & exhibitions	70,168	39,855
	Research & development expense	19,784	39,502
	Board of director's allowance	7,500	8,500
	Director's entitlement	84,079	-
		<u>1,493,448</u>	<u>612,883</u>
11	Impairment of trade and other receivables		
	Provision for RT200 receivables	12,652	2,114
	Write back of provision for bad trade receivable	(9,023)	-
		<u>3,629</u>	<u>2,114</u>

Notes to the Financial Statements

	31 December 2023 12-months N'000	31 December 2022 7-months N'000
12 Finance costs		
Interest on borrowed funds	1,403,644	830,418
Lease liability interest	16,235	1,451
	1,419,879	831,869

This relates to total interest charges on short-term borrowings on commercial paper programs series 9 to 15 issuance and interest paid on asset financing by the bank as at 31 December 2023.

Lease liability interest relates to interest charged on the apartment lease contract for the year.

13 Taxation

Major components of the tax expense

	31 December 2023 12-months N'000	31 December 2022 7-months N'000
Current tax		
Income tax (minimum tax)	138,945	39,775
Education tax	4,327	35
Police trust fund levy	22	-
Prior Year (over)/under provision for income tax	(7,072)	(335)
	136,222	39,475
Deferred tax		
Adjustments recognized in the current period in relation to the deferred tax of prior periods	-	64,432
Deferred tax expense recognized in the current year/period	-	38,826
	-	103,258
	136,222	142,733
Deferred tax credit for current year	88,352	-
Reconciliation of tax expense		
Reconciliation between accounting profit and tax expense		
Profit/(loss) before tax on continuing operations	435,620	(562,096)
Expected income tax at applicable tax rate of 30% (Dec 2022:30%)	130,686	(168,629)
Tax effect of adjustments on taxable income		
Effect of income exempt from taxation		
Effect of non-deductible expenses	(108,096)	67,463
Effect of concessions (research and development and other allowances)	(80)	(17)
Effect of tax adjustments (minimum tax)	48,240	130,472
Adjustment recognised due to differences in tax rates	834	(195)
Effect of unclaimed capital allowance	76,554	49,507
Education tax @3% of assessable profits	4,327	35
Adjustment recognised in current year in relation to the company income and education tax of prior years	(7,072)	(335)
Adjustments recognised in the current year in relation to the deferred tax of prior years	-	64,432
Total income tax expense recognised in profit/(loss)	145,393	142,733
Effective tax rate	33%	-25%

Notes to the Financial Statements

13 Taxation (cont'd)

The tax rate used for the December 2023 and December 2022 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 recognised directly in equity. No income tax was recognised in other comprehensive income.

13.1 Current tax payable

	31 December 2023	31 December 2022
	12-months	7-months
	N'000	N'000
At beginning	39,840	34,557
Prior year (over)/under provision	(7,072)	(335)
Provision in the period/year	143,294	39,810
Payment in the period/year	(33,205)	(34,192)
At closing	<u>142,857</u>	<u>39,840</u>

13.2 Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax 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		Liabilities		Net	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	12-months	7-months	12-months	7-months	12-months	7-months
	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	127,291	(3,916)	(127,291)	-	-	(3,916)
Investment property	9,133	-	(2,533)	-	6,600	-
Unutilised tax credits	-	-	-	-	-	-
Revaluation surplus on land	-	-	-	-	-	-
Revaluation surplus on land	11,914	-	-	-	11,914	-
Unrealised foreign exchange	-	10,015	-	-	-	10,015
Tax (assets)/liabilities	148,338	6,099	(129,824)	-	18,514	6,099

The movements in deferred tax during the period ended 31 December 2022 is summarised in the table below.

Movements in deferred tax assets and liabilities

	31 December 2023	31 December 2022
	12-months	7-months
	N'000	N'000
At opening	106,866	3,608
Movement accounted for in profit or loss	(88,352)	103,258
At closing	18,514	106,866

14 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting) the following:

	31 December 2023	31 December 2022
	12-months	7-months
	N'000	N'000
Impairment on trade and other receivables	3,629	2,114
Bad debt written off during the year	69,202	14,590
Depreciation on property, plant and equipment	81,082	33,798
Depreciation on investment property	-	2,035
Amortisation of right of use asset	30,011	9,631
Audit fees	15,596	10,000
Employee costs	191,413	108,901

15 Right of use assets (Note 14.1)

	31 December 2023	31 December 2022
	12-months	7-months
	N'000	N'000
Cost		
At opening	115,578	-
Addition	74,706	115,578
At closing	190,284	115,578
Accumulated amortisation		
At opening	(9,631)	-
Charge for the year	(30,011)	(9,631)
As closing	(39,642)	(9,631)
Carrying amount		
For the year/period	150,642	105,946

15.1

The company entered into an apartment lease contract in 2022 which gave rise to a Right of use asset with validity of 3 years. The leased is for an initial term of three years, advance rent of N60 million was paid in 2022 for the first 18 months with other associated cost of N6 million paid. No additional payment was made in 2023.

Notes to the Financial Statements

16 Property, plant and equipment

	Land	Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Plant and Machinery	Work-In-Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
As at 1 June 2022	118,475	115,000	23,994	433,961	26,794	25,242	743,466
Additions	494,100	-	29,880	271,874	555	375,845	1,172,254
Disposal	-	-	(275)	-	-	-	(275)
Transfers (Note 17)	-	(115,000)	-	-	-	-	(115,000)
As at 31 December 2022	612,575	-	53,599	705,835	27,349	401,087	1,800,445
Additions	56,788	-	60,070	89,100	10,192	2,615,080	2,831,230
Revaluation gain/(loss)	119,137	(30,877)	-	-	-	-	88,260
Disposals	-	-	(3,247)	-	-	(255,143)	(258,390)
Transfers (Note 16)	-	220,877	-	-	-	(220,877)	-
As at 31 December 2023	788,500	190,000	110,422	794,935	37,541	2,540,147	4,461,545
Accumulated depreciation and impairment							
As at 1 June 2022	-	5,758	5,683	40,883	9,575	-	61,899
Transfers (Note 17)	-	(5,758)	-	-	-	-	(5,758)
Charge for the year	-	-	2,625	30,390	783	-	33,798
Accumulated Depreciation on disposed assets	-	-	(9)	-	-	-	(9)
As at 31 December 2022	-	-	8,299	71,273	10,358	-	89,930
Charge for the year	-	-	9,087	70,882	1,113	-	81,082
Accumulated Depreciation on disposed assets	-	-	(1,389)	-	-	-	(1,389)
As at 31 December 2023	-	-	15,997	142,155	11,471	-	169,623
Carrying amount							
As at 31 December 2023	788,500	190,000	94,425	652,780	26,070	2,540,147	4,291,922
As at 31 December 2022	612,575	-	45,300	634,562	16,991	401,087	1,710,515

Work-In-Progress represents cost expended in the development of an aluminium and copper recycling plant in Sagamu of N2.464 billion, crushing plant in Ebonyi of N18.418 million, software development of N46.717 million and crushing plant in Jos of N11 million during the period.

16.1 Transfer from work-in-progress to building

At year end N220.877 million expended in the construction of warehouse in Jos was transferred from work-In-Progress to building after completion.

16.2 Assets pledged as security

The company's five (5) trucks, two Hilux adventure 2021 purchased in 2021 and 2022 and one Prado Jeep purchased in 2023 were acquired under the assets financing arrangement with Ecobank Nigeria Limited. The total value of these assets pledged as security is N398.75 million.

17 Investment property

	N'000
Cost	
As at 1st June 2022	-
Transfer from Property, plant and equipment	115,000
Additions	-
Disposal	-
As at 31 December 2022	115,000
Revaluation gain	27,793
Disposal	-
As at 31 December 2023	142,793
Accumulated depreciation	
As at 31 December 2022	-
Charge for the year	7,793
Accumulated Depreciation on disposed assets	-
As at 31 December 2023	7,793
Carrying amount as at 31 December 2023	135,000
Carrying amount as at 31 December 2022	107,207

In 2022, a building formerly held as an item of property, plant and equipment was reclassified as investment property due to the change in use from owner occupied to held for rentals in accordance with IAS 40. The sum of N6.242million was realised as rental income during the year. The investment property is currently valued at fair value of N135million.

Notes to the Financial Statements

		31 December 2023	31 December 2022
		12-months	7-months
		N'000	N'000
18	Inventories		
	Solid minerals	2,468,510	5,446,822
	Agro products	1,018,258	440,373
		<u>3,486,768</u>	<u>5,887,195</u>
	Inventory was valued at lower of cost and net realisable value at reporting date in accordance with IAS 2.		
19	Other assets		
	Prepayments (Note 19.1)	71,820	58,172
	Prepaid interest (Note 19.2)	5,767	294,948
	Unamortised borrowing cost (Note 19.3)	64,629	-
		<u>142,216</u>	<u>353,120</u>
19.1	Prepayments represents prepaid rent of N23.079 million (Dec 2022: N26.835million) for short terms rentals within 12 months yet to be amortised at the end of the reporting period, insurance of N47.419 million (Dec 2022: N31.326 million) and fuel advance of N1.321 million (Dec 2022: N0.222 million)		
19.2	Prepaid interest balance represents the unamortized interest prepayments on bank facility at year end.		
19.3	This represents the unamortized portion of associated costs of securing debt finance.		
20	Trade and other receivables		
	Financial assets		
	Trade receivables	2,634,115	574,028
	RT200 FX programme receivables (Note 20.2)	1,265,155	785,972
	Less impairment allowance for trade and other receivables (Note 20.1)	(14,033)	(10,405)
		<u>3,885,237</u>	<u>1,349,595</u>
	Non-financial assets		
	Advance for diesel	2,563	2,430
	Salary travel advance	1,137	640
	Advance to suppliers (Note 20.3)	248,877	692,037
		<u>252,577</u>	<u>695,107</u>
		<u>4,137,814</u>	<u>2,044,702</u>
	Analysed as follows:		
	Current portion	4,137,814	2,044,702
	Non current portion	-	-
		<u>4,137,814</u>	<u>2,044,702</u>
20.1	Allowance for impairment of trade receivables		
	At opening		
	Impairment (writeback)/charge of trade receivables for the year	10,405	8,291
	Impairment charge of other receivables for the year	(9,023)	2,114
	At closing	12,651	-
		<u>14,033</u>	<u>10,405</u>
20.2	RT200 FX programme receivable balance represents amount due to the company under the introduced RT200 FX programme which was an initiative of the Central Bank of Nigeria aimed at raising \$200billion in foreign exchange (FX) earnings from non-oil proceeds.		
20.3	Advance to suppliers represents deposits to suppliers for supply of solid minerals which were yet to be received as at year end. The materials have subsequently been supplied after year end		

Notes to the Financial Statements

20.4 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.

	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
12/31/2022						
Payment due	217,672	299,456	-	50,393	6,507	574,028
Lifetime ECL	387	2,540	-	7,478	-	10,405
12/31/2023						
Payment due	2,431,408	100,558	102,149	-	1,265,155	3,899,270
Lifetime ECL	1,382	-	-	-	12,652	14,034

Notes to the Financial Statements

21	Call in arrears	31 December 2023	31 December 2022
		12-months	7-months
		N'000	N'000
	Call in arrears (ordinary shares for N1)	340,000	340,000

As at period end, a balance of N340,000,000 representing value for 340 million ordinary shares of N1 remained unpaid.

22	Derivative financial instrument	31 December 2023	31 December 2022
		12-months	7-months
		N'000	N'000
	Open Trade Equity	11,147	85,304
	Initial margin	72,530	260,776
		83,677	346,080

22.1 This represents the balance of account opened with StoneX Financial Ltd. to hedge against the volatility of tin prices globally. Presented in the balance is an initial margin of N72.53 million which is restricted and is accessible 3 months after trade positions are opened.

23	Cash and cash equivalents	31 December 2023	31 December 2022
		12-months	7-months
		N'000	N'000
	Cash on hand	1,771	2,238
	Bank balances	466,046	1,626,750
	Short term fixed deposits (Note 23.1)	-	456,691
		467,817	2,085,679

23.1 This represents deposits with banks in form of fixed investments with maturity duration of less than 3 months from balance sheet date.

Notes to the Financial Statements

		31 December 2023 12-months N'000	31 December 2022 7-months N'000
24	Share capital		
	Authorised		
	At opening	500,000	10,000
	Share issue during the period	-	490,000
	500,000,000 ordinary shares of N1.00 each	<u>500,000</u>	<u>500,000</u>
	Paid up		
	Paid-up capital (ordinary shares of N1)	160,000	160,000
	Call in arrears		
	Call in arrears (ordinary shares for N1)	340,000	340,000
	At 31 December: 500,000,000 ordinary shares of N1.00 each	<u>500,000</u>	<u>500,000</u>
<p>The Company has one class of ordinary shares which carry no right to fixed income. There was an issue of 490,000,000 ordinary shares of N1 per share in 2022. The shares were approved for issue and allotment to the Managing Director by the shareholders. As at year end, a balance of N340,000,000 representing value for 340 million ordinary shares of N1 remained unpaid.</p>			
25	Retained earnings		
	At opening		
	Profit/(loss) for the year/period	(645,463)	559,366
	Dividend	387,750	(704,829)
	At closing	<u>(257,713)</u>	<u>(500,000)</u>
		<u>(257,713)</u>	<u>(645,463)</u>
26	Revaluation gain		
	At opening		
	Revaluation surplus on land and building	-	-
	Revaluation surplus on investment property	88,259	-
		27,793	-
		<u>116,052</u>	<u>-</u>

Notes to the Financial Statements

		31 December 2023	31 December 2022
		12-months	7-months
		N'000	N'000
27	Borrowings		
	Short term borrowings (Note 27.1)	12,093,880	7,572,755
	Term loan (Note 27.2)	166,657	192,541
	Total borrowings	12,260,537	7,765,296
	Analysed as follows:		
	Current portion	12,198,082	7,647,223
	Non-current portion	62,455	118,073
		12,260,537	7,765,296
27.1	Short-term Borrowings		
	Principal amount (Note 27.1.2)	11,488,587	7,277,807
	Interest payable (Note 27.1.3)	605,293	294,948
	At closing	12,093,880	7,572,755
27.1.1	This is the face value of short term borrowings from the capital market for series 9 to 15 due within a year, private note and bank post-shipment facilities. The loans were obtained to augment working capital. The Company did not use any of its fixed or floating assets as collateral for the short term facilities.		
27.1.2	Movement in short term borrowings		
	At opening	7,572,755	5,700,958
	Additions	18,639,713	8,670,081
	Repayments	(14,118,588)	(6,503,336)
	Interest payable	-	(294,948)
	At closing	12,093,880	7,572,755
27.1.3	Movement in short term borrowings		
	At opening	294,948	6
	Additions	1,021,228	1,097,320
	Repayments	(392,865)	(802,378)
	Interest repayment	605,293	294,948
		605,293	294,948
27.2	Borrowings- Term loan		
		31 December 2023	31 December 2022
		12-months	7-months
		N'000	N'000
	Principal amount (Note 27.2.1)	164,380	190,600
	Interest payable (Note 27.2.2)	2,277	1,941
		166,657	192,541
27.2.1	Movement in principal amount		
	At opening	190,600	228,577
	Additions	56,000	-
	Principal repayments	(82,219)	(37,977)
	At closing	164,381	190,600
27.2.2	Movement in interest payable		
	At opening	1,941	2,235
	Additions	39,119	28,059
	Repayments	(38,783)	(28,353)
	Interest payable	2,277	1,941
		2,277	1,941
	Analysed as follows:		
	Non-current portion	62,455	118,073
	Current portion	104,202	74,468
		166,657	192,541

The long-term borrowings balance is made up of; 1) N24.5 million asset financing loan facility from Ecobank at an interest rate of 20% per annum for a period of 36 months starting 11 June 2021, ii) N118.7 million starting on 11 January 2022, N103.3 million starting on 20 April 2022 both for asset financing of the company's Howo trucks for a term of three (3) years each at 24.5% per annum and iii) N56 million at the rate of 23% for the purchase of a Prado Jeep. The company used the assets purchased through the loan as collateral for the facilities.

Notes to the Financial Statements

	31 December 2023 12-months N'000	31 December 2022 7-months N'000
28 Lease Liability		
This represents the present value of future lease payments on the company's rental based on lease contract.		
The movement in the lease liability during the period is as follows;		
At opening	51,029	-
Future minimum lease payments	77,010	49,578
Interest on lease payment	16,235	1,451
At closing	144,274	51,029
Analysed as follows:		
Current portion	46,028	14,345
Non-current portion	98,246	36,684
Balance as at 31 December 2023	144,274	51,029
Amount recognised in profit/loss:		
Lease liability interest	16,235	1,451
As at 31 December 2023	16,235	1,451
29 Trade and other payables		
Trade payables	239,462	419,407
FX sales payables	-	4,618,428
Other payables	8,094	15,317
Related parties (Note 34.3)	-	36,272
PAYE	2,095	6,959
Pension	188	1,556
Other statutory deductions (Note 29.1)	74,286	54,938
	324,125	5,152,877
29.1	This represents withholding tax payable of N69.579 million (Dec 2022: N52 million), ITF levy N1.5 million (Dec 2022: N1.5 million), NSITF payable of N0.273 million Dec 2022: N1.304 million) and NHF payable of N0.053 million (Dec 2022: N0.141million)	
30 Accrued expenses		
Accrued audit fees	15,000	10,000

Notes to the Financial Statements

31 Retirement benefits

31.1 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 N10.951m (December 2022: N3.647m) represents contributions paid to these plans by the Company at rates specified in the rules of the plans.

The unpaid balance of the contribution plan can be traced to Note 29

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 year in which employees have rendered services entitling them to the contributions. The total expense recognized in the profit or loss of N10.951m (May 2022: N3.647m) represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

	31 December 2023 12-months N'000	31 December 2022 7-months N'000
Staff pension		
Balance at 1 June	1,556	596
Contributions for the year/period	20,428	6,567
Remittances during the year/period	(21,796)	(5,607)
Balance at 31 December	188	1,556

Notes to the Financial Statements

	31 December 2023 12-months N'000	31 December 2022 7-months N'000
32 Employee costs		
The following items are included within employee benefits expense:		
Employee costs		
Wages, salaries, allowances and other benefits	180,462	105,254
Pension and social benefits	10,951	3,647
	191,413	108,901
 Average number of persons employed during the period was:		
Management	13	10
Others	49	41
	62	51
 The table below shows the number of employees (excluding Directors), whose earnings during the year, fell within the ranges shown below:		
N100,000 - N500,000	2	19
N500,001 - N1,000,000	19	9
N1,000,001 - N2,000,000	13	18
N2,000,001 and above	28	5
	62	51
 33 Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
	31 December 2023 12-months N'000	31 December 2022 7-months N'000
Depreciation and amortisation		
Depreciation of property, plant and equipment (Note 16)	81,082	33,798
Depreciation of investment property (Note 17)	-	2,035
Amortisation of Right of use (Note 15)	30,011	9,631
	111,093	45,464
 Impairment		
Trade and other receivables	12,652	7,664
	80,540	-
 Total depreciation, amortisation and impairments		
Depreciation	81,082	33,798
Amortisation	30,011	-
Impairments	80,540	7,664
	191,632	41,462

NOTES TO THE FINANCIAL STATEMENTS

34 Related party disclosures

34.1 Related party relationships

The remuneration of the directors, who are the key management personnel of the Company 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, managing directors drawings from the business, loans to other related parties and unpaid balance of shares allotment.

34.2 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 December 2023	31 December 2022
	12-months N'000	7-months N'000
Director's remuneration	101,982	41,170
Sitting allowance	7,500	8,500
Short-term consultancy for role of Chief Operating Officer	9,340	-
	118,822	49,670
34.3 Related party balances		
Due from related parties	1,970,232	-
Due to related parties	-	36,272
	1,970,232	36,272
34.4 Related party transactions in the year		
Soft loans received within the year	745,000	-
Loans repaid within the year	(745,000)	-
Balance of Loans at year end	-	-
Soft loans given within the year	163,000	-
Loan repaid within the year	(163,000)	-
Balance of Loans at year end	-	-

Notes to the Financial Statements**35 Risk management****35.1 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 23, 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 shareholder, 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 December 2022 and 2023 respectively is as follows:

	31 December 2023	31 December
	12-months	7-months
	N'000	N'000
Short term Borrowings	12,093,880	7,572,755
Term loans	166,657	118,073
Cash and cash equivalents	(467,817)	(2,085,679)
Net debt	11,792,720	5,605,149
Total equity	330,546	(145,463)
Debt equity ratio	3568%	-3853%

Notes to the financial statements

36 Financial Instruments

36.1 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 notes 3 and 4.

36.1.1 Categories of financial instruments

	31 December 2023	31 December 2022
	12-months	7-months
	N'000	N'000
Financial assets		
<i>Cash and cash equivalents</i>	467,817	2,085,679
<i>Derivative financial instruments</i>	83,677	346,080
<i>Trade and other receivables</i>	4,137,814	2,044,702
	4,689,308	4,476,461
Financial liabilities		
Borrowings are measured at amortized cost		
Trade and other payables	324,126	5,152,877
Short term borrowings	12,093,880	7,647,223
Term loans	166,657	118,073
	12,584,663	12,918,174

36.2 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.

36.3 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.

36.4 Other price risks

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

Notes to the Financial Statements

36 Financial Instruments (continued)

Concentration of foreign currency exposure

The carrying amount of the Company's financial instruments are denominated in the following currencies;

31 December 2023

	NGN N'000	EUR N'000	USD N'000	Total N'000
Cash and cash equivalents	387,688	7	80,123	467,818
Derivative financial instruments	-	-	83,677	83,677
Trade and other receivables	3,488,112	-	740,640	4,228,752
Total financial assets	3,875,800	7	904,440	4,780,247
Trade and other payables	226,993	-	97,133	324,126
Short term borrowings	12,093,880	-	-	12,093,880
Term loans	166,657	-	-	166,657
Total financial liabilities	12,487,530	-	97,133	12,584,663

31 December 2022

	NGN N'000	EUR N'000	USD N'000	Total N'000
Cash and cash equivalents	1,303,110	6	782,563	2,085,679
Derivative financial instruments	-	-	346,080	346,080
Trade and other receivables	1,481,102	-	574,028	2,055,130
Total financial assets	2,784,212	6	1,702,671	4,486,889
Trade and other payables	121,043	-	5,031,835	5,152,878
Short term borrowings	7,647,223	-	-	7,647,223
Term loans	118,073	-	-	118,073
Total financial liabilities	7,886,339	-	5,031,835	12,918,174

Sensitivity analysis

The table below shows the impact on the Exchange's profit or loss to appreciation or depreciation of the Naira in relation to US dollars, the other currency balance is not considered material for presentation. This analysis assumes all other variables remain constant.

	31 December 2023 N'000	31 December 2022 N'000
Effect of 10% appreciation in USD	80,731	(332,916)
Effect of 10% depreciation in USD	(80,731)	332,916

36.5 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.

36.6 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

36 Financial Instruments (continued)

36.7 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.

36.8 Maturity profile

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

	31 December 2023			
	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				
Short term Borrowings	12,093,880	12,538,642	12,538,642	-
Term loans	166,657	202,866	136,413	66,453
Trade and other payables	811,427	847,153	727,153	120,000
	13,071,964	13,588,661	13,402,208	186,453
	31 December 2022			
	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				
Short term Borrowings	7,572,755	7,572,755	7,572,755	-
Term loans	192,541	192,541	74,468	118,073
Trade and other payables	5,478,686	5,478,686	5,478,686	-
	13,243,981	13,243,981	13,125,909	118,073

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.

Notes to the Financial Statements

37 Going concern considerations

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 Company ensures that foreign currency payments are made directly for foreign currency denominated assets. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Assets	
	31 December 2023	31 December 2022
	12-months	7-months
	N'000	N'000
Bank balances denominated in foreign currency	80,129	1,128,650
Trade receivables	740,641	1,349,596
	Liabilities	
FX Sales payables	-	(4,618,428)
Total exposure	820,770	(2,140,182)

Notes to the Financial Statements

38 Financial Instruments (continued)

38.1 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.

39 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.

40 Contingent liabilities and contingent assets

There were no significant contingent liabilities/assets as at 31 Dec 2023 (December 2022: nil).

41 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 December 2022 and on the profit for the period ended on that date that have not been taken into accounts in these financial statements.

OTHER NATIONAL DISCLOSURES

Statement of Value Added

	31 December 2023		31 December 2022	
	12-months		7-months	
	N'000	%	N'000	%
VALUE ADDED				
Turnover:	19,545,286		6,937,529	
Other income	8,243,675		6,359,525	
Bought - in materials and services	(25,540,302)		(12,872,919)	
Total Value Added	2,248,659	100	424,135	100
VALUE DISTRIBUTED				
To Pay employees				
Salaries, wages, medical and other benefits	191,413	9	108,901	26
To Pay providers of capital				
Finance costs	1,419,879	63	831,869	196
To Pay Government				
Current tax	136,222	6	39,475	9
To be retained in the business for expansion and future wealth creation:				
Depreciation	81,081	4	35,833	8
Amortisation of right of use asset	32,314	1	9,631.48	2
Deferred tax	-	0	103,258	24
Retained profit	387,750	17	(704,829)	-166
Total Value Distributed	2,248,659	100	424,135	100

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

Five year financial summary

	31 December 2023	31 December 2022	31 May 2022	31 May 2021	31 May 2020 Restated
	12-months N'000	7-months N'000	12-months N'000	12-months N'000	12-months N'000
Capital & reserves					
Share capital	500,000	500,000	500,000	10,000	5,200
Retained earnings	(257,713)	(645,464)	559,366	131,471	94,845
Revaluation reserve	88,259				
	330,546	(145,464)	1,059,366	141,471	100,045
Assets employed					
Property, Plant & Equipment (net)	4,577,563	1,923,668	656,325	230,561	22,597
Current assets	8,658,292	11,056,776	7,844,692	233,399	250,469
Total Assets	13,235,855	12,980,444	8,501,017	463,960	273,066
Total liabilities	(12,905,309)	(13,125,908)	(7,441,651)	(322,489)	(173,021)
Net Assets	330,546	(145,464)	1,059,366	141,471	100,045
Profit or Loss Account					
Revenue	19,545,286	6,937,529	61,313,344	2,340,330	2,040,011
Profit/(Loss) before taxation	435,620	(562,096)	591,902	43,057	76,531
Taxation	(47,870)	(142,733)	(40,007)	(6,431)	(7,137)
Profit/(Loss) after Tax	387,750	(704,828)	551,895	36,626	69,394
Earnings/(loss) per share (Naira)	0.78	(1.41)	1.10	3.66	13.35
Net asset per share (Naira)	0.66	(0.29)	2.12	14.15	19.24

Earnings/(loss) per share are based on profit/(loss) 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.