

**NEVEAH LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 MAY 2022**

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## CORPORATE INFORMATION

|                    |                                                                                                                                                                                                                           |                         |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Board of Directors | Oluwabiyi Ajibade Emmanuel                                                                                                                                                                                                | Chairman                |
|                    | Ibidapo Lawal                                                                                                                                                                                                             | Chief Executive Officer |
|                    | Abidemi Lawal                                                                                                                                                                                                             | Director                |
|                    | Akindoyin Akinbiyi Olaposi                                                                                                                                                                                                | Director                |
|                    | Stephen Okechukwuyem Ojji                                                                                                                                                                                                 | Director                |
| Company Secretary  | A&O Secretarial Services Limited<br>1, Muritala Muhammed Drive<br>Ikoyi, Lagos                                                                                                                                            |                         |
| Registered office  | Plot 2940, Aguiyi Ironsi Street, Maitama, Abuja.                                                                                                                                                                          |                         |
| External auditors  | Deloitte & Touche<br>(Chartered Accountants)<br>4th Floor, Bank of Industry Building<br>Plot 256 Zone A0 Cadastral<br>Off Herbert Macaulay Way<br>Central Business District<br>Abuja, FCT                                 |                         |
| Telephone          | 09010026910                                                                                                                                                                                                               |                         |
| Bankers            | Ecobank Limited<br>United Bank for Africa Plc<br>Zenith Bank Plc<br>Fidelity Bank Plc<br>First Bank of Nigeria Limited<br>Keystone Bank Limited<br>Access Bank Plc<br>Coronation Merchant Bank<br>Guaranty Trust Bank Plc |                         |

## RESULTS AT A GLANCE

|                                         | 2022<br>N'000 | 2021<br>N'000 | %<br>Change |
|-----------------------------------------|---------------|---------------|-------------|
| Revenue                                 | 6,131,344     | 2,340,330     | 161.99      |
| Profit before taxation                  | 591,902       | 43,057        | 1,274.68    |
| Profit for the year                     | 551,895       | 36,626        | 1,406.82    |
| Total comprehensive income for the year | 551,895       | 36,626        | 1,406.82    |
| Retained earnings                       | 559,366       | 131,471       | 325.47      |
| Share capital                           | 500,000       | 10,000        | 4,900.00    |
| Shareholders' fund                      | 1,059,366     | 141,471       | 648.82      |

## PER SHARE DATA:

Based on 500,000 (2021:10,000) million ordinary shares of N1.00 each:

|                              |      |      |         |
|------------------------------|------|------|---------|
| Earnings per share (Naira):  |      |      |         |
| - Basic                      | 1.10 | 3.66 | (69.86) |
| Net assets per share (Naira) |      |      |         |
| - Basic                      | 2    | 14   | (85.02) |

|                              |    |    |       |
|------------------------------|----|----|-------|
| Number of employees (number) | 37 | 30 | 23.33 |
|------------------------------|----|----|-------|

## DIRECTOR'S REPORT

The directors submit their report for the year ended 31 May, 2022.

### 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 years ended 31 May, 2022 and 2021 are as stated in the table below.

|                  | 2022<br>N'000 | 2021<br>N'000 |
|------------------|---------------|---------------|
| Turnover         | 6,131,344     | 2,340,330     |
| Profit after tax | 551,895       | 36,626        |

### 4. MAIN BUSINESS AND OPERATIONS

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

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

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

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

### 5. DIRECTORS' INTEREST IN CONTRACTS

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

#### Name

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

- 2 None of the Directors has notified the company for the purposes of section 303 of the Companies and Allied Matters Act 2020, of any disclosable interest in contracts in which the Company was involved as at 31 May 2022.

### 6. AUTHORISED AND ISSUED SHARE CAPITAL

The authorized share capital is 500,000,000 ordinary shares and issued share capital was 10,000,000 ordinary shares as at 31 May 2021, with an additional issue of 490,000,000 share capital in 2022.

## DIRECTOR'S REPORT

### 7. Directors' Shareholding

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

| DIRECTORS     | Number of shares held at 31 May 2022 | Number of shares held at 31 May 2021 |
|---------------|--------------------------------------|--------------------------------------|
| Ibidapo Lawal | 499,900,000                          | 9,900,000                            |
| Abidemi Lawal | 100,000                              | 100,000                              |

There are no changes in the above holdings as at 12th September 2022.

### 8. Dividends

The shareholders of Neveah Limited at her meeting held on 23rd September 2021 approved an interim dividend of 24.8kobo per share amounting to N124,000,000 to be paid for every share held as at that date.

### 9. Employment and Employees

#### 9.1 Employment of disabled

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

#### 9.2 Employee involvement and training

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

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

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

#### 9.3 Health, safety at work and welfare of employee

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

### 10. Auditors

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

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

By order of the Board

  
Company Secretary

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

2022

**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022**

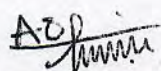
The Directors of Neveah Limited are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the company as at 31 May 2022 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

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

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

**Going Concern:**

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

**SIGNED ON BEHALF OF THE DIRECTORS OF THE COMPANY**

Oluwabiye Ajibade Emmanuel  
Chairman  
FRC/2021/003/00000023111  
2022



Ibidapo Lawal  
Chief Executive Officer  
FRC/2021/003/00000022830  
2022

## CERTIFICATION OF FINANCIAL STATEMENTS

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

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

We state that management and directors:

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

We have disclosed:

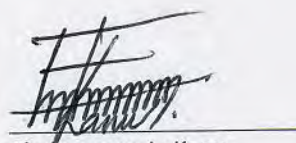
- all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
- whether or not,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

The financial statements of the Company for the year ended 31 May 2022 was approved by the directors on 16TH SEPTEMBER 2022

SIGNED ON BEHALF OF THE DIRECTORS OF THE COMPANY



Ibidapo Lawal  
Chief Executive Officer  
FRC/2021/003/00000022830  
2022



Chukwuemerie Kanu  
Head of Accounts

2022

## INDEPENDENT AUDITOR'S REPORT To the Shareholders of NEVEAH Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Neveah Limited** set out on pages 9 to 45, which comprise the statement of financial position as at 31 May 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of **Neveah Limited** as at 31 May 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and Financial Reporting Council Act, 2011.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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

#### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Statements

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

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



# Deloitte.

## 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 judgement 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. We also provide the Board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

In accordance with the fifth schedule of the Companies and Allied Matters Act 2020 we expressly state that:

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

Ngozika Emeka-Eze, FCA - FRC/2013/ICAN/00000001709  
For: Deloitte & Touche  
Chartered Accountants  
Abuja, Nigeria  
16 September 2022



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|                                                                     | Note | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|---------------------------------------------------------------------|------|--------------------|--------------------|
| Revenue                                                             | 5    | 6,131,344          | 2,340,330          |
| Cost of sales                                                       | 6    | (7,770,718)        | (2,555,240)        |
| <b>Gross loss</b>                                                   |      | <b>(1,639,374)</b> | <b>(214,910)</b>   |
| Other income                                                        | 7    | 3,079,298          | 512,008            |
| Distribution Expenses                                               | 8    | (65)               |                    |
| Administrative expenses                                             | 9    | (487,603)          | (232,661)          |
| <b>Operating profit</b>                                             | 10   | <b>952,256</b>     | <b>64,437</b>      |
| Finance costs                                                       | 11   | (360,354)          | (21,380)           |
| <b>Profit before taxation</b>                                       |      | <b>591,902</b>     | <b>43,057</b>      |
| Taxation                                                            | 12   | (40,007)           | (6,431)            |
| <b>Profit for the year</b>                                          |      | <b>551,895</b>     | <b>36,626</b>      |
| <b>Other Comprehensive Income</b>                                   |      |                    |                    |
| Items that can be reclassified into profit or loss:                 |      | -                  | -                  |
| Items that cannot be reclassified into profit or loss:              |      | -                  | -                  |
| <b>Other comprehensive income, net of tax</b>                       |      | <b>-</b>           | <b>-</b>           |
| <b>Total comprehensive income for the year</b>                      |      | <b>551,895</b>     | <b>36,626</b>      |
| Based on 500,000,000 (2020: 10,000,000) ordinary shares of N1 each: |      |                    |                    |
| Earnings per share (Naira)                                          |      | <b>1.10</b>        | <b>3.66</b>        |
| Adjusted earnings per share                                         |      | 1.82               | 5.80               |

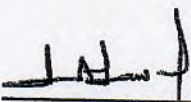
The accompanying notes on pages 13 to 42 and other national disclosures on pages 44 and 45 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**

|                                     | Note | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|-------------------------------------|------|--------------------|--------------------|
| <b>Assets</b>                       |      |                    |                    |
| <b>Non-current assets</b>           |      |                    |                    |
| Property, Plant & Equipment (net)   | 13   | 656,325            | 230,561            |
| <b>Total non-current assets</b>     |      | <b>656,325</b>     | <b>230,561</b>     |
| <b>Current assets</b>               |      |                    |                    |
| Inventories                         | 14   | 1,798,398          | 102,182            |
| Other assets                        | 15   | 478,954            | 4,735              |
| Trade and other receivables         | 16   | 1,167,517          | 116,364            |
| Cash and bank balances              | 17   | 4,059,824          | 10,118             |
| Call in arrears                     | 18   | 340,000            | -                  |
| <b>Total current assets</b>         |      | <b>7,844,693</b>   | <b>233,399</b>     |
| <b>Total Assets</b>                 |      | <b>8,501,018</b>   | <b>463,960</b>     |
| <b>Equity and Liabilities</b>       |      |                    |                    |
| <b>Equity</b>                       |      |                    |                    |
| Share capital                       | 18   | 500,000            | 10,000             |
| Retained earnings                   | 19   | 559,366            | 131,471            |
| <b>Total equity</b>                 |      | <b>1,059,366</b>   | <b>141,471</b>     |
| <b>Non-current Liabilities</b>      |      |                    |                    |
| Long-term borrowings                | 25.2 | 230,806            | -                  |
| <b>Current liabilities</b>          |      |                    |                    |
| Deferred tax                        | 21   | 3,608              | 324                |
| Current tax liabilities             | 12.1 | 34,557             | 8,331              |
| Trade and other payables            | 22   | 1,462,774          | 120,670            |
| Deposit for shares                  | 23   | -                  | 150,000            |
| Accrued expenses                    | 25   | 8,942              | 5,550              |
| Short-term borrowings               | 25.1 | 5,700,964          | 37,614             |
| <b>Total liabilities</b>            |      | <b>7,441,651</b>   | <b>322,489</b>     |
| <b>Total equity and liabilities</b> |      | <b>8,501,018</b>   | <b>463,960</b>     |

The financial statements on pages 9 to 45, were approved by the board on 16th September 2022 and were signed on its behalf by:

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

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

The accompanying notes on pages 13 to 42 and other national disclosures on pages 44 and 45 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

|                         | Share<br>capital<br>N'000 | Retained<br>earnings<br>N'000 | Total equity<br>N'000 |
|-------------------------|---------------------------|-------------------------------|-----------------------|
| Balance at 1 June, 2020 | 5,200                     | 94,845                        | 100,045               |
| Additional share issues | 4,800                     | -                             | 4,800                 |
| Profit for the year     | -                         | 36,626                        | 36,626                |
| Balance at 31 May, 2021 | 10,000                    | 131,471                       | 141,471               |
| Additional share issues | 490,000                   | -                             | 490,000               |
| Interim Dividend        | -                         | (124,000)                     | (124,000)             |
| Profit for the year     | -                         | 551,895                       | 551,895               |
| Balance at 31 May, 2022 | 500,000                   | 559,366                       | 1,059,366             |

The accompanying notes on pages 13 to 42 and other national disclosures on pages 44 and 45 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

|                                                                 | Note   | 31-May-22<br>N'000 | 31-May-22<br>N'000 |
|-----------------------------------------------------------------|--------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                     |        |                    |                    |
| Profit for the year                                             |        | 551,895            | 36,626             |
| <b>Adjustments for:</b>                                         |        |                    |                    |
| Depreciation of property, plant and equipment                   | 13     | 46,505             | 14,405             |
| Finance cost                                                    | 11     | 360,354            | 21,380             |
| Interest income                                                 | 7      | (3,283)            | (50)               |
| Income tax paid                                                 | 12.1   | (10,497)           | (4,913)            |
| Adjustment for prior period tax under-provision                 | 12     | 2,166              | -                  |
| Loss on disposal of property, plant and equipment               | 13     | 3,272              | -                  |
| <b>Operating cash flows before movements in working capital</b> |        | <b>950,412</b>     | <b>67,448</b>      |
| (Increase)/decrease in inventories                              |        | (1,696,216)        | 41,957             |
| (Increase) in trade and other receivables                       |        | (1,051,153)        | (36,008)           |
| (Increase) in other assets                                      |        | (474,219)          | (1,264)            |
| Increase/(decrease) in trade and other payables                 |        | 1,342,104          | (44,235)           |
| Increase in accrued expense                                     |        | 3,392              | 4,725              |
| Increase in deferred tax liabilities                            |        | 3,284              | 478                |
| Increase in income tax payable                                  |        | 34,557             | 5,953              |
| Increase in call in arrears                                     |        | (340,000)          | -                  |
| (Decrease)/Increase in deposit for shares                       | 23     | (150,000)          | 150,000            |
| <b>Net cash (used by)/generated by operating activities</b>     |        | <b>(1,377,839)</b> | <b>189,054</b>     |
| <b>Cash flows from investing activities</b>                     |        |                    |                    |
| Purchase of property, plant and equipment                       | 13     | (478,715)          | (222,369)          |
| Proceeds from disposal of property, plant and equipment         |        | 3,174              | -                  |
| Interest received                                               | 7      | 3,283              | 50                 |
| <b>Net cash used in investing activities</b>                    |        | <b>(472,258)</b>   | <b>(222,319)</b>   |
| <b>Cash flows from financing activities</b>                     |        |                    |                    |
| Current borrowings obtained                                     | 25.1.1 | 8,424,616          | 145,000            |
| Current borrowing repayment                                     | 25.1.1 | (2,760,325)        | (108,333)          |
| Dividend Paid                                                   | 19     | (124,000)          | -                  |
| Non-Current borrowings obtained                                 | 25.1   | 246,400            | -                  |
| Loan repayment                                                  | 25.2   | (17,823)           | -                  |
| Loan interest paid                                              | 25.3   | (359,066)          | (20,433)           |
| Share issue                                                     | 18     | 490,000            | 4,800              |
| <b>Net cash provided by financing activities</b>                |        | <b>5,899,802</b>   | <b>21,034</b>      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     |        | <b>4,049,705</b>   | <b>(12,231)</b>    |
| Cash at the beginning of the year                               |        | 10,118             | 22,349             |
| <b>Cash and cash equivalents at the end of the year</b>         |        | <b>4,059,823</b>   | <b>10,118</b>      |

The accompanying notes on pages 13 to 42 and other national disclosures on pages 44 and 45 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

**1 General Information****1.1 Legal form**

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

**1.2 Principal activities**

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

**1.3 Going concern status**

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

**1.4 Financial period**

These financial statements cover the financial period from 1 June 2021 to 31 May 2022 with comparatives for the year ended 31 May 2021.

**2 New Standards and Interpretations****2.1 Standards and interpretations issued and effective in the current year**

The following standards and interpretations issued were effective for the current financial year.

**Impact of the initial application of Interest Rate Benchmark Reform**

The Board issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that are titled Interest Rate Benchmark Reform—Phase 2. The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offered rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements."

The impact of the amendment is not material

**Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16**

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).
- There is no substantive change to other terms and conditions of the lease

The impact of the amendment is not material.

## NOTES TO THE FINANCIAL STATEMENTS

**2.2 New and revised IFRS Standards in issue but not yet effective**

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2021 or later periods. They are listed below:

- 1) IFRS 17 (including the June 2020 amendments to IFRS 17) Insurance Contracts
- 2) Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- 3) Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- 4) Amendments to IFRS 3 Reference to the Conceptual Framework
- 5) Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- 6) Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- 7) Annual Improvements to IFRS – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards 2018 - 2020 cycle, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- 8) Amendments to IAS 1 and IFRS - Disclosure of Accounting Policies
- 9) Amendments to IAS 8 Definition of Accounting Estimates
- 10) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

**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 policyholders' options and guarantees.

In June 2020, the Board 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 Board 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.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

**New and revised IFRS Standards in issue but not yet effective (cont'd)****Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—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 amendment is to be determined by the IASB, however earlier application of the amendment is permitted. It is unlikely that the amendment will have a material impact on the Company's financial statements.

**Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent**

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.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

**Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework IFRS 3 Business Combinations**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

#### **Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. It is unlikely that the amendment will have a material impact on the Company's financial statements.

#### **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

#### **Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture**

The Annual Improvements include amendments to four Standards:

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

##### **IFRS 9 Financial Instruments**

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. It is unlikely that the amendment will have a material impact on the Company's financial statements.

##### **IFRS 16 Leases**

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated

It is unlikely that the amendment will have a material impact on the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

**IAS 41 Agriculture**

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e., for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

**Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

#### **Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

### 3 Accounting policies

#### 3.1 Statement of compliance with IFRSs

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

#### 3.2 Basis of measurement

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

#### 3.3 Significant judgements and sources of estimation uncertainty

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

## NOTES TO THE FINANCIAL STATEMENTS

**3.3 Significant judgements and sources of estimation uncertainty (cont'd)****Impairment of financial assets**

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

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

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

**4 Significant accounting policies**

The principal accounting policies are set out below

**4.1 Revenue**

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

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

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

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

**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 is carried at cost less accumulated depreciation and any impairment losses.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

## 4.2 Property, plant and equipment (cont'd)

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

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

The depreciation charge for each period is 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 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.

## 4.4 Financial instruments

## a) Financial assets

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.

- Loans and receivables
- Financial liabilities measured at amortised cost

## NOTES TO THE FINANCIAL STATEMENTS

### 4.4 Financial instruments (cont'd)

#### 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 marketplace.

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 or an equity instrument in accordance with the substance of the contractual arrangement.

- **Cash and cash equivalents**

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

- **Trade receivables and other receivables**

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at 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.

#### 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4.4 Financial instruments (cont'd)

#### Impairment of financial assets

Financial assets, other than those at fair value-through-profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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

## 4.4 Financial instruments (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.

**Derecognition of financial liabilities**

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

## 4.5 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
- a business combination.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

**4.6 Inventories**

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

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.

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

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

A non-current asset is not depreciated (or 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.

**4.8 Impairment of assets**

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4.8 Impairment of assets (cont'd)

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.

### 4.9 Share capital and equity

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

### 4.10 Employee benefits

#### 4.10.1 Defined contribution pension plans

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

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

#### 4.10.2 Other employee benefits

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

### 4.11 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 4.11 Provisions and contingencies (cont'd)

- 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.

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

### 4.12 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.

### 4.13 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 4.14 Translation of foreign currencies

**Foreign currency transactions**

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

At the end of the reporting period:

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

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

|                                                                                                                                                                                                                                                                                                                                                                                 | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>5 Revenue</b>                                                                                                                                                                                                                                                                                                                                                                |                    |                    |
| Revenue from the sale of agro-products                                                                                                                                                                                                                                                                                                                                          | 158,788            | 428,574            |
| Revenue from sale of minerals                                                                                                                                                                                                                                                                                                                                                   | 5,958,216          | 1,881,999          |
| Revenue from haulage services                                                                                                                                                                                                                                                                                                                                                   | 14,340             | 29,757             |
|                                                                                                                                                                                                                                                                                                                                                                                 | <u>6,131,344</u>   | <u>2,340,330</u>   |
| <b>5.1 Information about major customers</b>                                                                                                                                                                                                                                                                                                                                    |                    |                    |
| Included in the revenue reported by the Company of N6.131billion (2021: N2.34billion) are two customers whose individual contributions of N1.629billion (2021: N1.911billion) and N2.739billion (2021: Nil) 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 2022 and 2021. |                    |                    |
| <b>6 Cost of sales</b>                                                                                                                                                                                                                                                                                                                                                          | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
| Minerals                                                                                                                                                                                                                                                                                                                                                                        | 7,363,317          | 2,106,701          |
| Agro Products                                                                                                                                                                                                                                                                                                                                                                   | 150,647            | 337,849            |
| Freight/Shipping-Minerals                                                                                                                                                                                                                                                                                                                                                       | 49,523             | 2,362              |
| Freight/Shipping-Agro                                                                                                                                                                                                                                                                                                                                                           | 6,798              | 41,907             |
| Processing/Cleaning-Agro                                                                                                                                                                                                                                                                                                                                                        | 3,431              | 8,157              |
| Processing/Packaging-Minerals                                                                                                                                                                                                                                                                                                                                                   | 21,230             | 7,982              |
| Product Samples-Agro Pro                                                                                                                                                                                                                                                                                                                                                        | 147                | 7,128              |
| Product Samples-Minerals                                                                                                                                                                                                                                                                                                                                                        | 15,489             | 2,498              |
| Haulage Expenses                                                                                                                                                                                                                                                                                                                                                                | 84,253             | 40,656             |
| Other selling costs                                                                                                                                                                                                                                                                                                                                                             | 75,883             | -                  |
|                                                                                                                                                                                                                                                                                                                                                                                 | <u>7,770,718</u>   | <u>2,555,240</u>   |

## NOTES TO THE FINANCIAL STATEMENTS

|                                                                  | 31-May-22        | 31-May-21      |
|------------------------------------------------------------------|------------------|----------------|
|                                                                  | N'000            | N'000          |
| <b>7 Other income</b>                                            |                  |                |
| Interest earned                                                  | 3,283            | 50             |
| Other income                                                     | 518,629          | 2,512          |
| Exchange gain or loss                                            | 2,557,386        | 508,383        |
| Writeback of impairment of trade receivables                     | -                | 1,063          |
|                                                                  | <b>3,079,298</b> | <b>512,008</b> |
| <b>8 Distribution costs</b>                                      |                  |                |
| Distribution costs                                               | 65               | -              |
|                                                                  | <b>65</b>        | <b>-</b>       |
| <b>9 Administrative expenses</b>                                 |                  |                |
| The following items are included within administrative expenses: |                  |                |
| Salaries and wages                                               | 41,255           | 40,924         |
| Pension contribution- Employer                                   | 3,259            | 1,582          |
| PAYE                                                             | -                | 5,742          |
| ITF expense                                                      | 2,139            | 425            |
| Local Transport                                                  | 33,691           | 10,869         |
| Advertising and promotion                                        | 4,224            | 1,142          |
| Motor running expense                                            | 18,695           | 4,126          |
| Insurance expense                                                | 10,143           | 2,727          |
| Bank charges                                                     | 5,682            | 4,157          |
| FX forward finance cost                                          | 11,200           | 5,900          |
| Audit fees                                                       | 8,000            | 5,000          |
| Legal and professional fees                                      | 101,589          | 35,409         |
| Staff training                                                   | 5,910            | -              |
| Depreciation                                                     | 46,505           | 14,405         |
| Dues and subscriptions                                           | 2,442            | 1,447          |
| Royalties                                                        | -                | 241            |
| Vehicle/equipment rental                                         | 341              | 2,060          |
| Director's entitlement                                           | 77,411           | 22,989         |
| Other expenses                                                   | 25,509           | 38,812         |
| Internet/software subscriptions                                  | 1,604            | 1,494          |
| Office consumables                                               | 2,236            | 2,320          |
| Medical expenses                                                 | 456              | 62             |
| Postage and delivery                                             | 4,555            | 3,038          |
| Security expenses                                                | 1,206            | 2,966          |
| Rent and rates                                                   | 12,613           | 15,517         |
| Office equipment repairs and maintenance                         | 1,192            | 2,606          |
| Telephone expenses                                               | 816              | 822            |
| Entertainment                                                    | 3,249            | 3,052          |
| Donations                                                        | 5,670            | 1,328          |
| Electricity/water bills                                          | 2,025            | 1,499          |
| Provision for bad debt                                           | 7,664            | -              |
| Bad debt written off                                             | 15,428           | -              |
| Trade fairs and exhibitions                                      | 30,288           | -              |
| Research and development expense                                 | 606              | -              |
|                                                                  | <b>487,603</b>   | <b>232,661</b> |

## NOTES TO THE FINANCIAL STATEMENTS

**10 Operating profit**

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

|                                                         | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|---------------------------------------------------------|--------------------|--------------------|
| Impairment on trade and other receivables               | 7,664              | -                  |
| Bad debt written off during the year                    | 15,428             | -                  |
| Write back of impairment on trade and other receivables | -                  | (1,063)            |
| Depreciation on property, plant and equipment           | 46,505             | 14,405             |
| Audit fees                                              | 8,000              | 5,000              |
| Employee costs                                          | 53,019             | 48,673             |

**11 Finance costs**

Interest on term loan

|  |         |        |
|--|---------|--------|
|  | 360,354 | 21,380 |
|--|---------|--------|

This relates to total interest charges on short-term borrowings from banks and commercial papers programs for financing the business. The Company incurred a sum of N335million in interests on the Series 1, 2 and 3 Commercial Papers issuance as at 31 May 2022.

**12 Taxation****Major components of the tax expense**

|                                           | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|-------------------------------------------|--------------------|--------------------|
| <b>Current tax</b>                        |                    |                    |
| Income tax (minimum tax)                  | 33,262             | 5,857              |
| Education tax                             | 1,265              | 94                 |
| Police trust fund levy                    | 30                 | 2                  |
| Prior year under-provision for income tax | 2,166              | -                  |
|                                           | 36,723             | 5,953              |

**Deferred**

Deferred tax expense recognised in the current year  
Adjustments recognised in the current year in relation to the deferred tax of prior years

|  |        |       |
|--|--------|-------|
|  | 1,600  |       |
|  | 1,684  | 478   |
|  | 3,284  | 478   |
|  | 40,007 | 6,431 |

**Reconciliation of the tax expense**

Reconciliation between accounting profit and tax expense.

|                                                                   |         |        |
|-------------------------------------------------------------------|---------|--------|
| Profit before tax on continuing operations                        | 591,902 | 43,057 |
| Expected income tax at the applicable tax rate of 30% (2021: 30%) | 177,571 | 12,917 |

**Tax effect of adjustments on taxable income**

|                                                                                                               |               |              |
|---------------------------------------------------------------------------------------------------------------|---------------|--------------|
| Effect of income that is exempt from taxation                                                                 | (176,870)     | (12,755)     |
| Effect of non-deductible expenses                                                                             | 5,985         | 593          |
| Effect of concessions (research and development and other allowances)                                         | (263)         | (55)         |
| Effect of tax adjustments (minimum tax)                                                                       | 27,957        | 5,392        |
| Adjustment recognised due to differences in tax rates                                                         | 512           | 245          |
| Education tax at 2% of assessable profits                                                                     | 1,265         | 94           |
| Adjustments recognised in the current year in relation to the company income and education tax of prior years | 2,166         | -            |
| Adjustments recognised in the current year in relation to the deferred tax of prior years                     | 1,684         | -            |
| <b>Total income tax expense recognized in profit or loss</b>                                                  | <b>40,007</b> | <b>6,431</b> |

**Effective tax rate**

|  |       |        |
|--|-------|--------|
|  | 6.76% | 14.94% |
|--|-------|--------|

## NOTES TO THE FINANCIAL STATEMENTS

### 12 Taxation (cont'd)

The tax rate used for the 2022 and 2021 reconciliations above is the corporate tax rate at 30% payable by corporate entities in Nigeria on taxable profits under Companies Income Tax Act, 2020 as amended.  
No income tax was recognized directly in equity.  
No income tax was recognized in other comprehensive income.

#### 12.1 Current tax payable

|                       | 31-May-22     | 31-May-21    |
|-----------------------|---------------|--------------|
|                       | N'000         | N'000        |
| At 1 June             | 8,331         | 7,291        |
| Provision in the year | 36,723        | 5,953        |
| Payment in the year   | (10,497)      | (4,913)      |
|                       | <u>34,557</u> | <u>8,331</u> |

### 13 Property, plant and equipment

|                                                | Land    | Buildings | Furniture,<br>Fixtures &<br>Equipment | Motor<br>Vehicles | Plant and<br>Machinery | Total   |
|------------------------------------------------|---------|-----------|---------------------------------------|-------------------|------------------------|---------|
|                                                | N'000   | N'000     | N'000                                 | N'000             | N'000                  | N'000   |
| <b>Cost</b>                                    |         |           |                                       |                   |                        |         |
| At 1 June 2020                                 | -       | -         | 10,548                                | -                 | 16,190                 | 26,738  |
| Additions                                      | 35,000  | 115,000   | 1,576                                 | 68,955            | 1,838                  | 222,369 |
| At 1 June 2021                                 | 35,000  | 115,000   | 12,124                                | 68,955            | 18,028                 | 249,107 |
| Additions                                      | 83,475  | -         | 14,668                                | 371,806           | 8,766                  | 478,715 |
| Disposals                                      | -       | -         | (2,798)                               | (6,800)           | -                      | (9,598) |
| At 31 May 2022                                 | 118,475 | 115,000   | 23,994                                | 433,961           | 26,794                 | 718,224 |
| <b>Accumulated depreciation and impairment</b> |         |           |                                       |                   |                        |         |
| At 1 June 2020                                 | -       | -         | 1,494                                 | -                 | 2,647                  | 4,141   |
| Charge for the year                            | -       | -         | 1,984                                 | 9,244             | 3,177                  | 14,405  |
| At 1 June 2021                                 | -       | -         | 3,478                                 | 9,244             | 5,824                  | 18,546  |
| Charge for the year                            | -       | 5,758     | 3,429                                 | 33,567            | 3,751                  | 46,505  |
| Accumulated depreciation on disposed assets    | -       | -         | (1,224)                               | (1,928)           | -                      | (3,152) |
| At 31 May 2022                                 | -       | 5,758     | 5,683                                 | 40,883            | 9,575                  | 61,899  |
| <b>Carrying amount</b>                         |         |           |                                       |                   |                        |         |
| At 31 May 2022                                 | 118,475 | 109,242   | 18,311                                | 393,078           | 17,219                 | 656,325 |
| At 31 May 2021                                 | 35,000  | 115,000   | 8,646                                 | 59,711            | 12,204                 | 230,561 |

#### 13.1 Impairment of property, plant and equipment

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

#### 13.2 Assets pledged as security

The Company's five (5) Trucks and two Hilux adventure 2021 were purchased under the assets financing arrangement with Ecobank Nigeria Limited. The total cost of these assets pledged as security is N355,605,900.

## NOTES TO THE FINANCIAL STATEMENTS

|      |                                                                                                                                                                                         | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 14   | <b>Inventories</b>                                                                                                                                                                      |                    |                    |
|      | Solid minerals                                                                                                                                                                          | 1,780,552          | 102,182            |
|      | Agro products                                                                                                                                                                           | 17,846             | -                  |
|      |                                                                                                                                                                                         | <b>1,798,398</b>   | <b>102,182</b>     |
| 15   | <b>Other assets</b>                                                                                                                                                                     |                    |                    |
|      | Advance to consultant (Note 15.1)                                                                                                                                                       | -                  | 1,080              |
|      | Prepayments                                                                                                                                                                             | 40,591             | 3,655              |
|      | Prepaid interest (Note 15.2)                                                                                                                                                            | 438,363            | -                  |
|      |                                                                                                                                                                                         | <b>478,954</b>     | <b>4,735</b>       |
| 15.1 | Advance to consultant balance (2022: Nil, 2021: N1.08million) represents advance payment to property consultants for the provision of real estate services not yet enjoyed at year end. |                    |                    |
| 15.2 | Prepaid interest balance represents the unamortized interest prepayments on Series 3 Commercial Papers issuance at year end.                                                            |                    |                    |
| 16   | <b>Trade and other receivables</b>                                                                                                                                                      | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|      | Trade receivables                                                                                                                                                                       | 202,707            | 39,099             |
|      | Allowance for impairment of trade receivables (Note 16.1)                                                                                                                               | (8,291)            | (627)              |
|      |                                                                                                                                                                                         | <b>194,416</b>     | <b>38,472</b>      |
|      | <b>Other receivables</b>                                                                                                                                                                |                    |                    |
|      | RT200 FX programme receivables (Note 16.2)                                                                                                                                              | 463,531            | -                  |
|      | Staff Travel Advance                                                                                                                                                                    | 9                  | -                  |
|      | Advance for Diesel                                                                                                                                                                      | 4,482              | -                  |
|      | Series 3 CP issuance (Note 16.3)                                                                                                                                                        | 69,810             | -                  |
|      | Advance to suppliers (Note 16.4)                                                                                                                                                        | 285,978            | 25,149             |
|      | Related parties (Note 29.3)                                                                                                                                                             | 149,291            | 52,743             |
|      |                                                                                                                                                                                         | <b>973,101</b>     | <b>77,892</b>      |
|      |                                                                                                                                                                                         | <b>1,167,517</b>   | <b>116,364</b>     |
|      | <b>Analysed as follows:</b>                                                                                                                                                             |                    |                    |
|      | Current portion                                                                                                                                                                         | 1,167,517          | 116,364            |
|      | Non-current portion                                                                                                                                                                     | -                  | -                  |
|      |                                                                                                                                                                                         | <b>1,167,517</b>   | <b>116,364</b>     |
| 16.1 | <b>Allowance for impairment of trade receivables</b>                                                                                                                                    |                    |                    |
|      | As at 1 June                                                                                                                                                                            | 627                | 10,218             |
|      | Impairment charge in the year                                                                                                                                                           | 7,664              | -                  |
|      | Write back during the year                                                                                                                                                              | -                  | (1,063)            |
|      | Write off during the year                                                                                                                                                               | -                  | (8,528)            |
|      | As at 31 May                                                                                                                                                                            | <b>8,291</b>       | <b>627</b>         |

## NOTES TO THE FINANCIAL STATEMENTS

- 16.2 RT200 FX programme receivable balance represents amount due to 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 over the next 3-5 years.
- 16.3 Series 3 CP issuance balance represents balance yet to be released to the Company from the Series 3 Commercial Papers Issuance as at year end.
- 16.4 Advances to suppliers represent deposit to suppliers for supply of solid minerals which were yet to be received as at year end. The minerals have subsequently been supplied after the year end.
- 16.5 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<br>N'000 | 31 - 60<br>days<br>N'000 | 61 - 90<br>days<br>N'000 | 91 - 180<br>days<br>N'000 | Above 180<br>days<br>N'000 | Total   |
|-------------------|----------------------|--------------------------|--------------------------|---------------------------|----------------------------|---------|
| <b>12/31/2022</b> |                      |                          |                          |                           |                            |         |
| Payment due       | 63,924               | 80,536                   | 36,056                   | 22,191                    |                            | 202,707 |
| Lifetime ECL      | 283                  | 1,104                    | 905                      | 5,999                     |                            | 8,291   |
| <b>12/31/2021</b> |                      |                          |                          |                           |                            |         |
| Payment due       | -                    | 31,091                   | 4,154                    | 3,854                     | 8,528                      | 47,627  |
| Lifetime ECL      | -                    | 232                      | 83                       | 312                       | 8,528                      | 9,155   |

## 17 Cash and bank balances

|                | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|----------------|--------------------|--------------------|
| Cash on hand   | 1,258              | 186                |
| Bank balances  | 4,058,566          | 9,932              |
|                | <b>4,059,824</b>   | <b>10,118</b>      |
| Current assets | <b>4,059,824</b>   | <b>10,118</b>      |

NOTES TO THE FINANCIAL STATEMENTS

|                                                      | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|------------------------------------------------------|--------------------|--------------------|
| <b>18 Share capital</b>                              |                    |                    |
| <b>Authorised and issued</b>                         |                    |                    |
| At 1 June                                            | 10,000             | 5,200              |
| Share issue during the year                          | 490,000            | 4,800              |
| At 31 May: 500,000,000 ordinary shares of N1.00 each | <u>500,000</u>     | <u>10,000</u>      |
| <b>Paid up</b>                                       |                    |                    |
| 160,000,000 (2021: 10,000,000) ordinary shares of N1 | 160,000            | 10,000             |
| <b>Call in arrears</b>                               |                    |                    |
| 340,000,000 (2021: Nil) ordinary shares of N1        | 340,000            | -                  |
| At 31 May: 500,000,000 ordinary shares of N1.00 each | <u>500,000</u>     | <u>10,000</u>      |

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 during the year. The share was approved for issue and allotment to the Managing Director by the shareholders on 23 September 2021. As at the end of the year, a balance of N340,000,000 representing value for 340million ordinary shares of N1 remained unpaid.

|                              | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|------------------------------|--------------------|--------------------|
| <b>19 Retained earnings</b>  |                    |                    |
| At 1 June                    | 131,471            | 94,845             |
| Profit for the year          | 551,895            | 36,626             |
| Interim Dividend (Note 19.1) | (124,000)          |                    |
|                              | <u>559,366</u>     | <u>131,471</u>     |

- 19.1** The shareholders of Neveah Limited at her meeting held on 23rd September 2021 approved an interim dividend of 24.8kobo per share amounting to N124,000,000 to be paid for every share held as at that date.

The board of directors propose a dividend of N1 for every share to be paid to the members. The proposed dividend of N500,000,000 is subject to approval by members at the Annual General Meeting (AGM) and has not been included as a liability in the financial statements.

**20 Retirement benefits**

**20.1 Defined contribution plan**

The Company operates a defined contribution benefit plan:

A contributory pension scheme for the benefit of its staff with the Company contributing 10% and employees 8% each of the employees' relevant emoluments as prescribed by the Pension Reform Act, 2014. Payments to this plan by the employer is recognized as an expense in the period in which employees have rendered services entitling them to the contributions. The total expense recognized in the profit or loss of N3.259m (2021: N1.582m) represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

|                            | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|----------------------------|--------------------|--------------------|
| <b>Staff pension</b>       |                    |                    |
| Balance at 1 June          | 755                | 537                |
| Contributions for the year | 3,259              | 1,582              |
| Remittances in the year    | (3,418)            | (1,364)            |
| Balance at 31 May          | <u>596</u>         | <u>755</u>         |

## NOTES TO THE FINANCIAL STATEMENTS

## 21 Deferred taxation

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

|                                 | Assets<br>31-May-22<br>N'000 | Assets<br>31-May-21<br>N'000 | Liabilities<br>31-May-22<br>N'000 | Liabilities<br>31-May-21<br>N'000 | Net<br>31-May-22<br>N'000 | Net<br>31-May-21<br>N'000 |
|---------------------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------------|---------------------------|---------------------------|
| Employee benefits               | -                            | -                            | -                                 | -                                 | -                         | -                         |
| Property, plant and equipment   | (3,916)                      | (325)                        | -                                 | -                                 | (3,916)                   | (325)                     |
| Provision                       | -                            | -                            | (2,491)                           | (201)                             | (2,491)                   | (201)                     |
| Unrealised foreign exchange     | 10,015                       | 850                          | -                                 | -                                 | 10,015                    | 850                       |
| <b>Tax (assets)/liabilities</b> | <b>6,099</b>                 | <b>525</b>                   | <b>(2,491)</b>                    | <b>(201)</b>                      | <b>3,608</b>              | <b>324</b>                |

The movements in deferred tax during the year ended 31 May 2022, is summarized in the table below:

## Movements in deferred tax assets and liabilities

|                                           | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|-------------------------------------------|--------------------|--------------------|
| At 1 June                                 | 324                | (154)              |
| Movements accounted for in profit or loss | 3,284              | 478                |
| <b>As at 31 May</b>                       | <b>3,608</b>       | <b>324</b>         |

## Recognition of deferred tax asset

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

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

|                                     | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|-------------------------------------|--------------------|--------------------|
| <b>22 Trade and other payables</b>  |                    |                    |
| Trade payables                      | 188,284            | 3,752              |
| Advances from customers (Note 22.1) | -                  | 90,159             |
| FX sales payables                   | 1,258,307          | 14,250             |
| Other payables                      | 6,971              | 6,167              |
| PAYE                                | 6,080              | 5,587              |
| Pension (Note 20.1)                 | 596                | 755                |
| Accruals                            | 2,536              | -                  |
|                                     | <b>1,462,774</b>   | <b>120,670</b>     |

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

22.2 FX sales payables represent an FX forward contract of \$3,000,000 which has not been paid at year end.

## NOTES TO THE FINANCIAL STATEMENTS

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                             |                  |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------|------------------|
| <b>23</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Deposit for share</b>                                                    | <b>31-May-22</b> | <b>31-May-21</b> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Deposit for share                                                           | N'000            | N'000            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                             | -                | 150,000          |
| Deposit for shares balance represent the value of transferred land and building by the Managing Director as consideration for future allotment of shares. The deposit for shares was approved by the shareholders on 22nd May 2021. The deposit for shares was approved by the shareholders on 22nd May 2021. In the current year, the balance was utilized to settle part of the shares allotted in the year.                                                         |                                                                             |                  |                  |
| <b>24</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Accrued expenses</b>                                                     | <b>31-May-22</b> | <b>31-May-21</b> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Accrued audit fees                                                          | N'000            | N'000            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Accrued ITF levy                                                            | 8,000            | 5,000            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                             | 942              | 550              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                             | <u>8,942</u>     | <u>5,550</u>     |
| <b>25</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Borrowings</b>                                                           |                  |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | The Company's borrowings are split into long-term and short-term borrowing. |                  |                  |
| <b>25.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Short-term Borrowings</b>                                                |                  |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Principal amount (Note 25.1)                                                | 5,700,958        | 36,667           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Interest payable (Note 25.3)                                                | 6                | 947              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>At 31 May</b>                                                            | <u>5,700,964</u> | <u>37,614</u>    |
| <b>25.1.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Movement in principal amount</b>                                         |                  |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>At 1 June</b>                                                            | 36,667           | -                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Additions                                                                   | 8,424,616        | 145,000          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Repayments                                                                  | (2,760,325)      | (108,333)        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>At 31 May</b>                                                            | <u>5,700,958</u> | <u>36,667</u>    |
| The short-term borrowings balance is made up of N14,500,000 loan facility from Zenith Bank Plc at an interest rate of 22% p.a. for a period of 12 months starting 29th October 2021; and the Commercial Paper Series two and three issuances. 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.                                                             |                                                                             |                  |                  |
| <b>25.2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Non- current Borrowing</b>                                               | <b>31-May-22</b> | <b>31-May-21</b> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Principal amount (Note 25.2.1)                                              | N'000            | N'000            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Interest payable (Note 25.3)                                                | 228,577          | -                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                             | 2,229            | -                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>At 31 May</b>                                                            | <u>230,806</u>   | <u>-</u>         |
| <b>25.2.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Movement in principal amount</b>                                         |                  |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>At 1 June</b>                                                            | -                | -                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Additions                                                                   | 246,400          | -                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Repayments                                                                  | (17,823)         | -                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>At 31 May</b>                                                            | <u>228,577</u>   | <u>-</u>         |
| The long-term borrowings balance is made up of; i) N24,500,000, asset financing loan facility from Ecobank at an interest rate of 19% p.a. for a period of 36 months starting 11 June 2021. ii) N118,650,000 on the 11th of January 2022 and N103,250,000 on the 20th of April 2022, both for asset financing of the Company's Howo Trucks for a term of three (3) years each. The Company used the asset purchased through the loan as collateral for the facilities. |                                                                             |                  |                  |

## NOTES TO THE FINANCIAL STATEMENTS

|      |                                                                                                                                          |               |                |
|------|------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|
| 25.3 | <b>Movement in interest and other charges</b>                                                                                            | 31-May-22     | 31-May-21      |
|      | At 1 June                                                                                                                                | N'000         | N'000          |
|      | Additions                                                                                                                                | 947           | -              |
|      | Repayments                                                                                                                               | 360,354       | 21,380         |
|      | At 31 May                                                                                                                                | (359,066)     | (20,433)       |
|      |                                                                                                                                          | <u>2,235</u>  | <u>947</u>     |
|      | <b>Analysed as follows:</b>                                                                                                              |               |                |
|      | Current portion                                                                                                                          | 6             | 947            |
|      | Non-current portion                                                                                                                      | 2,229         | -              |
|      |                                                                                                                                          | <u>2,235</u>  | <u>947</u>     |
| 26   | <b>Employee costs</b>                                                                                                                    |               |                |
|      | The following items are included within employee benefits expense:                                                                       |               |                |
|      | <b>Employee costs</b>                                                                                                                    |               |                |
|      | Wages, salaries, allowances and other benefits                                                                                           | 49,760        | 46,666         |
|      | Pension and social benefits                                                                                                              | 3,259         | 2,007          |
|      |                                                                                                                                          | <u>53,019</u> | <u>48,673</u>  |
|      | <b>Average number of persons employed during the year was:</b>                                                                           |               |                |
|      | Management                                                                                                                               | 1             | 1              |
|      | Others                                                                                                                                   | 36            | 29             |
|      |                                                                                                                                          | <u>37</u>     | <u>30</u>      |
|      | The table below shows the number of employees (excluding Directors), whose earnings during the year, fell within the ranges shown below: |               |                |
|      |                                                                                                                                          | 31-May-22     | 31-May-21      |
|      |                                                                                                                                          | N'000         | N'000          |
|      | N10,001 - N100,000                                                                                                                       | -             | 1              |
|      | N100,001 - N500,000                                                                                                                      | 15            | 15             |
|      | N500,001 - N1,000,000                                                                                                                    | 4             | 9              |
|      | N1,000,001 - N2,000,000                                                                                                                  | 12            | 4              |
|      | N2,000,001 and above                                                                                                                     | 6             | 1              |
|      |                                                                                                                                          | <u>37</u>     | <u>30</u>      |
| 27   | <b>Depreciation, amortisation and impairments</b>                                                                                        |               |                |
|      | The following items are included within depreciation, amortisation and impairments:                                                      |               |                |
|      | <b>Depreciation</b>                                                                                                                      |               |                |
|      | Administrative cost                                                                                                                      | 46,505        | 14,405         |
|      |                                                                                                                                          | <u>46,505</u> | <u>14,405</u>  |
|      | <b>Impairments/(Write-backs)</b>                                                                                                         |               |                |
|      | Trade and other receivables                                                                                                              | 7,664         | (1,063)        |
|      |                                                                                                                                          | <u>7,664</u>  | <u>(1,063)</u> |
|      | <b>Depreciation, amortisation and impairments</b>                                                                                        |               |                |
|      | <b>Total depreciation, amortisation and impairments</b>                                                                                  |               |                |
|      | Depreciation                                                                                                                             | 46,505        | 14,405         |
|      | Impairments                                                                                                                              | 7,664         | (1,063)        |
|      |                                                                                                                                          | <u>54,169</u> | <u>13,342</u>  |

## NOTES TO THE FINANCIAL STATEMENTS

### 28 Non-cash transactions

|                              | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|------------------------------|--------------------|--------------------|
| Deposit for shares (Note 24) | -                  | 150,000            |
|                              | <u>-</u>           | <u>150,000</u>     |

### 29 Related party disclosures

#### 29.1 Related party relationships

Related party includes key management personnel such as Directors having authority and responsibility for directing and controlling the activities of the company. Transactions with related parties comprises payment of salaries and other benefits, Managing Director's drawings from the business, loans to other related parties, and unpaid balance of shares allotment.

#### 29.2 Remuneration of key management personnel

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

|                         | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|-------------------------|--------------------|--------------------|
| Director's remuneration | 77,411             | 22,989             |
|                         | <u>77,411</u>      | <u>22,989</u>      |

#### 29.3 Related party balances

Due from related parties - Managing Director/CEO

|                |               |
|----------------|---------------|
| <u>149,291</u> | <u>52,743</u> |
|----------------|---------------|

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

### 30 Risk management

#### 30.1 Capital risk management

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

The capital structure of the company consists of debt, which includes the cash and bank balances disclosed in note 18, 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 2022 and 2021 respectively were as follows:

## NOTES TO THE FINANCIAL STATEMENTS

## 30.1 Capital risk management (cont'd)

|                        | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|------------------------|--------------------|--------------------|
| Short term Borrowings  | 5,700,964          | 37,614             |
| Non- current Borrowing | 230,806            | -                  |
| Cash and bank balance  | (4,059,823)        | (10,118)           |
| Net debt               | 1,871,947          | 27,496             |
| Total equity           | (1,059,366)        | (141,471)          |
| Debt equity ratio      | -177%              | -19%               |

## 31 Financial Instruments

## 31.1 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 note 2.

## 31.1.1 Categories of financial instruments

|                                           | 31-May-22<br>N'000 | 31-May-21<br>N'000 |
|-------------------------------------------|--------------------|--------------------|
| <b>Financial assets</b>                   |                    |                    |
| Loans and receivables                     |                    |                    |
| Cash and bank balances                    | 4,059,823          | 10,118             |
| Trade and other receivables               | 1,507,517          | 116,364            |
|                                           | <u>5,567,340</u>   | <u>126,482</u>     |
| <b>Financial liabilities</b>              |                    |                    |
| Borrowings are measured at amortized cost |                    |                    |
| Trade and other payables                  | 5,700,964          | 37,614             |
|                                           | <u>5,700,964</u>   | <u>37,614</u>      |

## 31.2 Financial risk management objectives

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

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

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

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

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

## 31.3 Market risk

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

## 31.4 Other price risks

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

NOTES TO THE FINANCIAL STATEMENTS

31 Financial Instruments (cont'd)

31.5 Credit risk management

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

- **Trade and other receivables**

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

- **Deposits with financial institutions**

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

31.5.1 Collateral held as security and other credit enhancements

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

31.6 Liquidity risk management

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

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

## NOTES TO THE FINANCIAL STATEMENTS

## 31.6.1 Maturity profile

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

| 31-May-2022                                    |                  |                       |                  |                  |
|------------------------------------------------|------------------|-----------------------|------------------|------------------|
|                                                | Carrying amount  | Contractual cashflows | Less than 1 year | More than 1 year |
|                                                | N'000            | N'000                 | N'000            | N'000            |
| <b>Financial liabilities at amortised cost</b> |                  |                       |                  |                  |
| Short term Borrowings                          | 5,700,964        | 5,700,964             | 5,700,964        | -                |
| Non- current Borrowing                         | 230,806          | 230,806               | 113,779          | 117,027          |
| Trade and other payables                       | 1,740,687        | 1,740,687             | 1,740,687        | -                |
|                                                | <b>7,672,457</b> | <b>7,672,457</b>      | <b>7,555,430</b> | <b>117,027</b>   |

| 31-May-2021                                    |                 |                       |                  |                  |
|------------------------------------------------|-----------------|-----------------------|------------------|------------------|
|                                                | Carrying amount | Contractual cashflows | Less than 1 year | More than 1 year |
|                                                | N'000           | N'000                 | N'000            | N'000            |
| <b>Financial liabilities at amortised cost</b> |                 |                       |                  |                  |
| Borrowings                                     | 37,614          | 37,614                | 37,614           | -                |
| Trade and other payables                       | 284,875         | 284,875               | 284,875          | -                |
|                                                | <b>322,489</b>  | <b>322,489</b>        | <b>322,489</b>   | <b>-</b>         |

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

## 31.7 Fair value of financial instruments

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

## 32 Capital Commitments

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

## 33 Contingent liabilities and contingent assets

There were no significant contingent liabilities/assets as at 31 May 2022 (2021: nil).

## 34 Events after the reporting period

There were no post balance sheet events that could have material effect on the state of affairs of the Company at 31 May 2022 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

## 35 Going concern considerations

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

## NOTES TO THE FINANCIAL STATEMENTS

## 35 Going concern considerations (cont'd)

**Liquidity risk**

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

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

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

**Interest rate risk**

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

**Credit risk**

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

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

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

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

**Foreign currency risk management**

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

|                                               | Assets           |                |
|-----------------------------------------------|------------------|----------------|
|                                               | 31-May-22        | 31-May-21      |
|                                               | N'000            | N'000          |
| Bank balances denominated in foreign currency | 6,091            | 245            |
| Trade receivables                             | 194,416          | 38,472         |
| Exchange gain or loss                         | 2,557,386        | 508,383        |
|                                               |                  |                |
|                                               | Liabilities      |                |
|                                               | 31-May-22        | 31-May-21      |
|                                               | N'000            | N'000          |
| FX Sales payables                             | (1,258,307)      | (14,250)       |
| Total exposure                                | <u>1,499,586</u> | <u>532,850</u> |

OTHER NATIONAL DISCLOSURES

## STATEMENT OF VALUE ADDED

|                                                                                 | 31-May-22<br>N'000 | %          | 31-May-21<br>N'000 | %          |
|---------------------------------------------------------------------------------|--------------------|------------|--------------------|------------|
| <b>VALUE ADDED</b>                                                              |                    |            |                    |            |
| Turnover:                                                                       | 6,131,344          |            | 2,340,330          |            |
| Other income                                                                    | 3,079,298          |            | 512,008            |            |
| Bought - in materials and services                                              | (8,158,862)        |            | (2,724,823)        |            |
| <b>Total Value Added</b>                                                        | <b>1,051,780</b>   | <b>100</b> | <b>127,515</b>     | <b>100</b> |
| <b>VALUE DISTRIBUTED</b>                                                        |                    |            |                    |            |
| <b>To Pay employees</b>                                                         |                    |            |                    |            |
| Salaries, wages, medical and other benefits                                     | 53,019             | 5          | 48,673             | 38         |
| <b>To Pay providers of capital</b>                                              |                    |            |                    |            |
| Finance costs                                                                   | 360,354            | 34         | 21,380             | 17         |
| <b>To Pay Government</b>                                                        |                    |            |                    |            |
| Current tax                                                                     | 36,723             | 3          | 5,953              | 5          |
| <b>To be retained in the business for expansion and future wealth creation:</b> |                    |            |                    |            |
| Depreciation                                                                    | 46,505             | 4          | 14,405             | 11         |
| Deferred tax                                                                    | 3,284              | 1          | 478                | 0          |
| Retained profit                                                                 | 551,895            | 53         | 36,626             | 29         |
| <b>Total Value Distributed</b>                                                  | <b>1,051,780</b>   | <b>100</b> | <b>127,515</b>     | <b>100</b> |

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

## FINANCIAL SUMMARY

|                                    | 2022<br>N'000    | 2021<br>N'000  | 2020<br>Restated<br>N'000 | 2019<br>N'000 | 2018<br>N'000 |
|------------------------------------|------------------|----------------|---------------------------|---------------|---------------|
| <b>Capital &amp; reserves</b>      |                  |                |                           |               |               |
| Share capital                      | 500,000          | 10,000         | 5,200                     | 1,000         | 1,000         |
| Retained earnings                  | 559,366          | 131,471        | 94,845                    | 25,451        | 8,967         |
|                                    | <b>1,059,366</b> | <b>141,471</b> | <b>100,045</b>            | <b>26,451</b> | <b>9,967</b>  |
| <b>Assets employed</b>             |                  |                |                           |               |               |
| Property, Plant & Equipment (net)  | 656,325          | 230,561        | 22,597                    | 13,669        | 9,554         |
| Current assets                     | 7,844,692        | 233,399        | 250,469                   | 196,937       | 187,860       |
| Total Assets                       | 8,501,017        | 463,960        | 273,066                   | 210,606       | 197,414       |
| Total liabilities                  | (7,441,651)      | (322,489)      | (173,021)                 | (184,155)     | (187,447)     |
| <b>Net Assets</b>                  | <b>1,059,366</b> | <b>141,471</b> | <b>100,045</b>            | <b>26,451</b> | <b>9,967</b>  |
| <b>Profit and Loss Account</b>     |                  |                |                           |               |               |
| Revenue                            | 6,131,344        | 2,340,330      | 2,040,011                 | 1,129,305     | 456,627       |
| Profit before taxation             | 591,902          | 43,057         | 76,531                    | 17,400        | 4,852         |
| Taxation                           | (40,007)         | (6,431)        | (7,137)                   | 917           | 838           |
| <b>Profit after Tax</b>            | <b>551,895</b>   | <b>36,626</b>  | <b>69,394</b>             | <b>18,317</b> | <b>5,690</b>  |
| <b>Earnings per share (Naira)</b>  | <b>1.10</b>      | <b>3.66</b>    | <b>13.35</b>              | <b>18.32</b>  | <b>5.69</b>   |
| <b>Net asset per share (Naira)</b> | <b>2.12</b>      | <b>14.15</b>   | <b>19.24</b>              | <b>26.45</b>  | <b>9.97</b>   |

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

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